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WAGE BOARD LEGISLATION

HEARING

BEFORE THE

COMMITTEE ON POST OFFICE AND CIVIL SERVICE UNITED STATES SENATE

NINETY-SECOND CONGRESS

FIRST SESSION

ON

S. 231, S. 315, S. 1086, S. 1288, and S. 1636

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

MARCH 29; APRIL 29 AND 30, 1971

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

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WAGE BOARD LEGISLATION

MONDAY, MARCH 29, 1971

U.S. SENATE,
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
Washington, D.C.

The committee met at 10 a.m., pursuant to call, in the auditorium of the New Senate Office Building, Senator Gale W. McGee (chairman of the committee) presiding.

Present: Senators McGee, Stevens, Moss, Burdick, Bellmon, Randolph, Fong, and Hollings.

Staff members present: David Minton, staff director and counsel; Clyde DuPont, minority counsel; Richard G. Fuller, and Dan Doherty, professional staff members.

The CHAIRMAN. The committee hearing will come to order.

Senator Fong has just sent word that he will be a moment or two late.

He is in an appropriations hearing at this time, where I am supposed to be too, but we try to cover both fronts, so he is covering for me there while I try to cover for him here for just a short time.

He will be here shortly, but we will now get underway.

We are not without observing that I think we should have held this in J.F.K. Stadium. [Applause.]

It is noteworthy also that on this Monday morning eight of our nine committee members are present and accounted for. I think that is an enviable record for any committee on a Monday morning early in the session.

OPENING STATEMENT

This hearing is convened to hear testimony on wage board legislation. If it is true, as some say, that "third time is charm," then we are due to be charmed.

Because this is the third time this committee has conducted hearings and acted on a piece of legislation to revise the wage board pay system.

In 1967, we reported out, and the Senate unanimously passed S. 2302. But the House of Representatives was apparently not ready to act at that time, and the bill died in committee over there.

We did manage to salvage the Monroney amendment, out of the 90th Congress, but administrative interpretations and bureaucratic efforts to destroy that law have delayed its proper implementation in many cases.

In 1970, this committee reported out, and the Senate again unanimously passed, a second wage board bill; and that bill, H.R. 17809, was sent to the President for his approval.

It was tailored to achieve his approval. As a matter of fact—and no one knows this better than the witness before us this morning, John Griner—that bill was so tailored to meet the approval of the incumbent

administration that it no longer bore much resemblance to the wage board legislation it was originally designed to be.

We had pared it to the bone; cut the steps from 10 down to four; circumscribed the wage surveys for PX and BX employees; and time and again met other criticisms of the White House, the Defense Department, the Civil Service Commission, or the Budget Bureau, in order to insure its enactment.

And it was vetoed.

Vetoed—the President wrote in his message disapproving the bill—because a wage board system "already exists."

Well, you know that. That's why hundreds of wage board employees are here this morning.

Vetoed—the President said—because it had "costly and unwarranted pay features" and would "fuel the fires of inflation."

Maybe you didn't know that. Maybe the 800,000 Federal employees in the various trades and crafts of the Government, pipefitters, janitors, carpenters, maintenance, engineers—maybe they didn't know that a 4-percent wage increase for them was merely fuel for "spiraling inflation."

Vetoed—the President said—because it cost $130 million a year.

That was on New Year's Day. One week later, the President signed and put into effect a retroactive pay increase for all military servicemen—more than three million men and women—and all white-collar civilian employees, their tenth Federal white collar pay increase in the past 8 years, averaging 6 percent, and costing $2½ billion—more than 20 times the cost of the little wage board adjustment bill which he had turned down a few days before.

So what have we had in the past 12 months for Federal salary improvements?

The postal workers got a very deserved 14-percent wage increase. The white collar and military people received an also well-earned average of 12 percent. And the wage board employees have been "fueling the fires of inflation."

So we are here to go at it again. We are here to consider the whole spectrum of wage board employment—wage rates, how they are determined, who determines them, what jobs are excluded from consideration, how the guts of the system works, and whether it does in fact establish compatability for blue collar employees.

The legislation we produce in this committee this year will become the law of the land, either because the President will see the light on this issue, or because your representatives in the Senate and the House will attempt to combine partisan forces to override any veto that might be forth-coming. [Applause.]

We will now hear from Senator Fong.

Senator FONG. Thank you, Mr. Chairman. I am sorry I was detained.

The CHAIRMAN. I explained to them you were covering me also.

Senator FONG. Yes, I was covering for you, and, Mr. Chairman, I am happy that you have called this hearing on the subject of Federal blue collar employee legislation.

The committee last year worked very diligently, very hard, and very carefully on a bill which we approved, and which passed the Congrss. Unfortunately the President vetoed it.

As one of those who worked very diligently on that bill, I was necessarily disappointed that the President did veto it.

I am pleased that you have called this hearing, and I am pleased to have the opportunity to listen to the pros and cons of the bills before us. I do hope we will have an effective measure passed by this committee.

Thank you, Mr. Chairman. [Applause.]

The CHAIRMAN. Senator Hollings.

Senator HOLLINGS. Mr. Chairman, I want to once again reiterate my support for this bill. We have done this three times, and this is a hang-up. Why can we not really succeed and have it acted upon favorably?

Everybody is talking about issues. They are talking about whether the economy will be in a good state next year, or whether the war will be a big issue.

Well, now, here you find in the last year increases to the military workers, to the white-collar workers, to the social security recipient, all not inflationary, but when it gets to the backbone of the economy, the blue-collar worker, all of a sudden, that is inflationary. [Applause.]

I feel it is an inequity. I go home to Columbia, and I notice in Aiken, S.C., the hourly rate is $3.84, whereas in Columbia, a much more metropolitan area, a higher standard of living, a costlier level, that they only get $3.53, and I cannot explain this.

I am tired of going home and not being able to explain this.

The President, once more I should emphasize, not just the comparison and the parallel. It was only 10 days after finding on New Year's Day that this bill was inflationary that he allowed a depreciation allowance on machinery which readjusted to the cost of the Government of over $2 billion, and very few people know about that; $150 million on the first of January was inflationary, but only 10 days later, for industry, we found $2 billion was noninflationary, and this is what we are trying to reconcile. [Applause.]

I appreciate the interest and leadership of the Senator from Oklahoma in this respect. I want to welcome him here. I have to go back to the Appropriations Committee myself, but you have a good witness, John Griner, and if you cannot understand him, Mr. Chairman, I will be glad to interpret the testimony. [Applause.]

The CHAIRMAN. Thank you. We are happy to have that offer of interpretation.

Senator Bellmon.

Senator BELLMON. Thank you, Mr. Chairman. I am happy these hearings have been scheduled so early in this session. This will give us a chance to consider all of the proposals fairly and in a timely way, and, I believe the committee will be able to come up with legislation to help us end the inequities that certainly need to be ended.

I feel it is high time we put an end to a double standard, because, certainly all of our Government employees work for the same Government and deserve the same treatment.

This situation is not new. It is not a recent development, and it is one that certainly we ought to have taken steps to correct a long time ago.

I feel very confident that again we will be able to develop legislation, and we will end this ancient situation, and hopefully have a system that will prevent it from recurring again.

Mr. Chairman, I enjoy working with you on this legislative program. [Applause.]

The CHAIRMAN. Senator Moss from Utah.

STATEMENT OF HON. FRANK E. MOSS, A U.S. SENATOR FROM THE STATE OF UTAH

Senator Moss. Mr. Chairman, first, may I compliment you for calling these hearings. The bills before us should rightfully be the first order of business before this committee in this Congress.

I am the sponsor of one of these bills, S. 231, and my assessment of its importance is indicated by the fact that I dropped it in the hopper on the second day on which bills could be introduced in the Senate in the 92d Congress.

In my opinion, taking action on legislation to provide an equitable system for fixing and adjusting the rates for wage board and nonappropriated fund employees is one of the top priority jobs before Congress. We cannot move too decisively or too soon.

The wage board and nonappropriated fund workers, who number some 800,000 and represent nearly one-fourth of the nonmilitary Federal employees, have for far too long a time been the forgotten members of our official family of workers.

They were forgotten when the Pendleton Act was passed in 1883 setting up a compensation system regulated by civil service law for the white collar worker.

They were forgotten in 1907 when salaries of postal clerks and letter carriers were set and again, in 1924, when the Roberts Act governing the compensation of foreign service personnel was passed.

And finally, they could only look on quietly when a statutory pay system for the Department of Medicine and Surgery of the Veterans' Administration became law in 1946.

During the past 20 years they have watched on the sidelines while these basic laws for other Government employees have been strengthened and improved and salaries periodically raised.

They have had to muddle along without any statute—any Federal law—which established a systematic and fair manner in which their wages should be computed and their problems handled.

They have simply been bypassed, forgotten, left out.

Well, they must be left out no longer. Their patience has run out—and so has mine. They have found their voice—and so have some of the rest of us since we found out what had happened.

Last session, as we all know, the Congress took heed of pleas from the "blue collar" worker for a decent system that would provide fair wages and fair chances for advancement and passed a bill which would at least begin to overhaul and modernize the prevailing rate pay system.

The bill was by no means all that some of us hoped it would be, but it was a vast improvement over the present system. Let us say it was a beginning—that it moved in the right direction.

I am sure every member of the Senate Post Office and Civil Service Committee was happy when the long conference committee meetings were over and a bill went to the White House for signature.

The President's veto was frankly a bombshell. It was unjustified. It was unfair.

This session we must pass the wage board bill again—a better bill, I hope—but an equitable bill. We must send it to the White House while the Congress is in session. If by any chance it is again vetoed, Congress must pass the bill over that veto.

The Federal Government has always prided itself on being an employer of justice and efficiency. But it has not been fair or orderly or wise in its handling of the wage structure for the prevailing wage and nonappropriated fund employees.

Mr. Chairman, I assure you that you have my support in moving a wage board bill out of committee as soon as possible.

The CHAIRMAN. Senator Burdick has a few words for you at this time.

STATEMENT OF HON. QUENTIN N. BURDICK, A U.S. SENATOR FROM THE STATE OF NORTH DAKOTA

Senator BURDICK. Mr. Chairman, I appreciate the opportunity to be here this morning to express my strong feelings concerning the wage board bills now before this committee.

There are those of Senator Moss, S. 231, my bill S. 422, and Senator Harris, S. 511. Also, there is Senator Spong's bill, which is similar to that sent over by the House of Representatives in the past Congress, and of course, the bill introduced by you, Mr. Chairman, which is similar to that forwarded to the President in the last Congress.

These bills, especially mine, S. 422, attempt to provide for an equitable system of fixing and adjusting the rates of pay for these prevailing rate employees in the U.S. Government. It would eliminate much discrimination in the ranks of these 800,000 Federal blue-collar workers who have suffered gross inequities and unfair treatment for the many years that this system has been operated under strictly an administrative system within the Government.

My bill would provide by statute the first equitable system for adjusting and fixing these rates of these much-deserving employees. There is, I believe, within each State in the Union, a large number of wage board and non-appropriated-fund employees whom we all know are being discriminated against daily because of the lack of statutory law.

I cannot stress to you, Mr. Chairman, too strongly the need for immediate action especially in view of the veto of the wage board bill, H.R. 17809, which was agreed to by the House and the Senate and forwarded to the President for his signature in the last Congress.

I would like to point out at this time, Mr. Chairman, that although I feel the bill forwarded from this committee to the President in the last Congress was a step in the right direction, it leaves a great deal to be desired, and that it is completely inadequate to serve the purpose of giving these loyal blue-collar workers legislation they so long have needed and so justly deserve.

This need is apparent, and we should have speedy action on this measure to cope with the unfair treatment that these people are receiving.

My bill would establish 10 pay steps and this would only correct the gross inequities existing within this system in this area. As things now stand, the pay differential for classified white collar workers is about 30 percent, and I am told similar practices exist in private industry, but the wage board blue collar workers in Federal installations can only increase their rates of pay by a total of 8 percent.

I do not think we should reward these employees less than we do other employees in the Federal system. Wage supervisors are given the privilege of a five-step system at the present time so that they can enjoy continued financial rewards.

All the workers other than the supervisors are stuck in an inflexible grade system with a maximum of three steps reached within a period of 24 months.

My bill would also establish a Federal Prevailing Rate Advisory Committee within the Civil Service Commission with an impartial Chairman appointed by the President to insure that the broad interests of both management and labor are represented and protected.

Five members of that committee would be appointed by the Chairman of the Civil Service Commission from labor unions. These labor unions would be representatives of the largest number of prevailing rate employees under exclusive recognition in Government service.

Five management officials would be appointed from each of the four executive agencies—other than the Civil Service Commission—having the largest number of prevailing rate employees.

The fifth management member will be an employee of the Civil Service Commission appointed by its Chairman. In addition, an independent chairman holding no other Government position would be appointed by the President.

Another vital feature of this bill would provide that the non-appropriated-fund group would receive the same benefits as the wage board employees in regard to pay setting.

The legislation that we are considering here today is intended to achieve this equity without any violation of the concept of the procedures of the prevailing rate system. These bills are designed to see that the system is equitable and just everywhere and for everyone, by establishing statutorily the uniform procedures necessary to provide basic regulations for conducting a survey.

In my own State of North Dakota, for instance, we have some 7,500 Federal employees of whom approximately 50 percent are wage board employees to whom this standard would apply.

In closing, Mr. Chairman, I want you to know that I am most pleased with your understanding, prompt response to the pleas of these wage board and non-appropriated-fund employees.

They have waited patiently for over 100 years, and I do not feel we can ask them to wait any longer, Mr. Chairman, I urge the quick action of this committee. I plan to do everything possible, Mr. Chairman, in bringing final equity and justice to end this deplorable situation facing these blue collar employees of the Federal Government.

The CHAIRMAN. Before we hear our first witness I request that copies of S. 231, S. 315, S. 1086, S. 1288, and S. 1636 and the agency reports concerning them be placed in the record at this time.

(The bills and reports follow.)

92D CONGRESS
1ST SESSION

S. 231

IN THE SENATE OF THE UNITED STATES

JANUARY 26, 1971

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

A BILL

To provide an equitable system for fixing and adjusting the rates of pay for prevailing rate employees of the Government, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That (a) subchapter IV of chapter 53 of title 5, United
4 States Code, is amended to read as follows:

II

1 **"Subchapter IV—Prevailing Rate Systems**

2 **"§ 5341. Policy**

3 "It is the policy of Congress that rates of pay of pre-
4 vailing rate employees be uniformly fixed and adjusted
5 and be based on principles that—

6 "(1) there will be equal pay for substantially
7 equal work for all employees who are working under
8 similar conditions of employment in all agencies within
9 the same wage area;

10 "(2) there will be relative differences in pay
11 within a wage area when there are substantial or
12 recognizable differences in duties, responsibilities, and
13 qualification requirements among positions;

14 "(3) the level of rates of pay will be maintained
15 in line with prevailing levels of comparable work within
16 a wage area;

17 "(4) the level of rates of pay will be maintained
18 so as to attract and retain qualified employees; and

19 "(5) Federal agencies and instrumentalities enter-
20 ing into contracts with private enterprises for the pro-
21 curement of goods and services will incorporate the
22 requirement that the private enterprise shall furnish to
23 the Federal authorities all data on rates of private pay
24 requested to accomplish the purposes of this Act.

1 **"§ 5342. Definitions; application**

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

3 "(1) 'agency' has the meaning given it by section

4 5102 of this title;

5 "(2) 'prevailing rate employee' means—

6 "(A) an individual employed in or under an

7 agency in a recognized trade or craft, or other skilled

8 mechanical craft, or in an unskilled, semiskilled, or

9 skilled manual labor occupation, and any other

10 individual, including a foreman and a supervisor,

11 in a position having trade, craft, or laboring experi-

12 ence or knowledge as the paramount requirement;

13 "(B) an employee in the Bureau of Engraving

14 and Printing whose duties are to perform or direct

15 manual or machine operations requiring special skill

16 or experience, or to perform or direct the counting,

17 examining, sorting, or other verification of the prod-

18 uct or manual or machine operations;

19 "(C) an employee of a nonappropriated fund

20 instrumentality described by section 2105 (c) of this

21 title who is employed in a recognized trade or craft,

22 or other skilled mechanical craft, or in an unskilled,

23 semiskilled, or skilled manual labor occupation, and

24 any other individual, including a foreman and a

1 supervisor, in a position having trade, craft, or labor-
2 ing experience and knowledge as the paramount
3 requirement; and
4 "(D) an employee of the Veterans' Canteen
5 Service, Veterans' Administration, excepted from
6 chapter 51 of this title by section 5102 (c) (14) of
7 this title who is employed in a recognized trade or
8 craft, or other skilled mechanical craft, or in an
9 unskilled, semiskilled, or skilled manual labor occu-
10 pation, and any other individual, including a fore-
11 man and a supervisor, in a position having trade,
12 craft, or labor experience and knowledge as the
13 paramount requirement; and
14 "(3) 'position' means the work, consisting of duties
15 and responsibilities, assignable to a prevailing rate
16 employee.
17 "(b) This subchapter applies to all prevailing rate em-
18 ployees and positions in or under an agency. All such
19 employees employed within the United States shall be bona
20 fide residents of the United States, unless the Secretary of
21 Labor certifies that no bona fide resident of the United States
22 is available to fill the particular position. This subchapter
23 does not apply to employees and positions described by
24 section 5102 (c) of this title other than by paragraphs (7),
25 (8), and (14) of that section.

1 **"§ 5343. Prevailing rate determinations; wage schedules**

2 "(a) The pay of prevailing rate employees shall be
3 fixed and adjusted from time to time as nearly as is consistent
4 with the public interest in accordance with prevailing rates.
5 Subject to section 213 (f) of title 29, the rates may not be
6 less than the appropriate rates provided by section 206 (a)
7 (1) of title 29. To carry out this subsection—

8 "(1) the Civil Service Commission shall define the
9 boundaries of individual local wage areas and designate
10 a lead agency for each local wage area;

11 "(2) a lead agency, on order of the Commission,
12 shall conduct a wage survey within the local wage area,
13 collect and analyze wage survey data, and develop and
14 establish wage schedules; and

15 "(3) the head of each agency having prevailing
16 rate employees in a local wage area shall fix and adjust
17 the rates of such employees in that area in accordance
18 with the wage schedules established by the lead agency
19 in that area.

20 "(b) The Commission shall order full-scale wage surveys
21 every second year with interim surveys in alternating years.
22 The Commision may order more frequent surveys when con-
23 ditions so suggest.

24 "(c) The Commission, by regulation, shall prescribe
25 practices and procedures for conducting wage surveys,

1 analyzing wage survey data, and developing and establishing
2 wage schedules. The regulations shall provide—
3 "(1) that wages surveyed be those paid by private
4 employers in the local wage area for similar work per-
5 formed by regular full-time employees;
6 "(2) the procedures to be employed, administra-
7 tively or legally, to assure the compliance of private
8 employers having contracts with the Federal Govern-
9 ment of its instrumentalities with the Provisions of sec-
10 tion 5341 paragraph (5) of this Act regarding the
11 furnishing of data on rates of private pay requested by
12 Federal authorities engaged in the local wage survey;
13 "(3) that the surveys cover a cross-representation
14 of the industries to which regular schedule prevailing
15 rate employees subject to this Act are oriented;
16 "(4) that the size of the private establishments in-
17 corporated in the survey have at least three hundred
18 employees;
19 "(5) for participation at all levels by representa-
20 tives of labor organizations in every phase of providing
21 an equitable system for fixing and adjusting the rates
22 of pay for prevailing rate employees, including the plan-
23 ning of the surveys, the drafting of specifications, the
24 selection of data collectors, the collection and the analy-
25 sis of the data, and the submission of recommendations

1 to the head of the lead agency for wage schedules and
2 for special wage schedules where appropriate;
3 "(6) for requirements for the accomplishment of
4 wage surveys and for the development of wage
5 schedules;
6 "(7) (A) that a lead agency, in making a wage
7 survey, shall determine whether there exists in the local
8 wage area a sufficient number of comparable positions
9 in private industry to establish wage schedules for the
10 principle types of positions for which the survey is made,
11 and that the determination shall be in writing and shall
12 take into consideration all relevant evidence including
13 evidence submitted by labor organizations recognized
14 as representatives of employees in that area; and
15 "(B) that, when it is determined that there is an
16 insufficient number of comparable positions in private
17 industry to establish the wage schedules, the lead agency
18 shall establish the wage schedules on the basis of local
19 private industry rates and rates paid for comparable
20 positions in private industry in the nearest wage area
21 that it determines to be most similar in the nature of
22 its population, employment, manpower, and industry to
23 the wage area for which the wage survey is being made;
24 "(8) (A) that there shall be established a basic
25 wage rate schedule including supervisory rates, which

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1 shall be divided into as many grades of difficulty and
2 responsibility as the Commission shall determine. Such
3 schedule shall be uniform in application in all agencies.
4 "(B) Each grade shall be divided into ten wage
5 rates, each successive rate exceeding the preceding rate
6 by a uniform percentage of not less than $3\frac{1}{3}$ per centum.
7 "(C) For each employee compensated in accord-
8 ance with the rate determination system established by
9 this subchapter, the minimum waiting periods for ad-
10 vancement to the following rates in all grades are—
11 "(i) Rate 2—Twenty-six calendar weeks of
12 creditable service;
13 "(ii) Rates 3 and 4—Fifty-two calendar weeks
14 of creditable service;
15 "(iii) Rates 5, 6, and 7—One hundred and
16 four calendar weeks of creditable service;
17 "(iv) Rates 8, 9, and 10—One hundred and
18 fifty-six calendar weeks of creditable service: *Pro-*
19 *vided,* That the employee has a current performance
20 rating of 'satisfactory' or better.
21 "(D) Any employee who is promoted or trans-
22 ferred to a position in a higher grade shall receive basic
23 compensation at the lowest rate of such higher grade
24 which exceeds his existing rate of basic compensation by

1 not less than two step increases of the grade from which
2 he is promoted or transferred;
3 "(E) that the benefit of successive step increases is
4 preserved for employees whose continuous service is
5 interrupted in the public interest by service with the
6 Armed Forces or by service in essential non-Government
7 civilian employment during a period of war or national
8 emergency;
9 "(9) for special rates and schedules including, but
10 not limited to supervisory schedules and industry ori-
11 ented schedules, as appropriate: *Provided,* That any
12 enterprise surveyed have at least three hundred
13 employees;
14 "(10) for equal rates of pay for the same work in
15 the same local wage area;
16 "(11) (A) for pay distinctions in keeping with
17 work distinctions, with proper differentials as deter-
18 mined by the Commission for duty involving hazards,
19 physical hardships or working conditions of an unusual
20 nature;
21 "(B) for a 7½ per centum differential for regularly
22 scheduled nonovertime work a majority of the hours
23 of which occur between 3 o'clock postmeridian, and
24 midnight; and

1 "(C) for a 10 per centum differential for regularly
2 scheduled nonovertime work a majority of the hours
3 of which occur between 11 o'clock postmeridian, and
4 8 o'clock antemeridian;

5 "(12) rules governing the administration of pay
6 for individual employees on appointment, transfer, pro-
7 motion, demotion (including retention of pay rates as
8 appropriate), and other similar changes in employment
9 status;

10 "(13) for a continuing program of systems main-
11 tenance and improvement designed to keep the prevail-
12 ing rate system fully abreast of changing conditions,
13 practices, and techniques both in and out of the Gov-
14 ernment of the United States;

15 "(14) for training sessions at all levels to orient
16 employees participating in the provisions of this Act;

17 "(15) for the appeal of decisions of the lead agency
18 by a labor organization representative on an agency
19 committee to the Federal Prevailing Rate Advisory
20 Committee which shall render a binding judgment within
21 fifteen calendar days;

22 "(16) that any employee subject to the provisions
23 of this Act shall have the right, notwithstanding any
24 other provision of law or of this Act, to appeal the
25 grade, category, title or class assigned to his position by

his employing agency, including nonappropriated fund instrumentalities, with the right to appeal at any time to the Civil Service Commission. Such employee shall also have the right to notify his agency wage committee and the Federal Prevailing Rate Advisory Committee of any appeal he may make and to inspect any official evaluation of his efficiency, performance, position and duties assigned to his position; and shall sign a statement as to which records have been disclosed to him, without the signing of such statement being construed that the employee is in agreement with the records;

"(17) that the normal workweek shall consist of five consecutive eight-hour workdays with two full consecutive days off duty;

"(18) that, notwithstanding other provisions of law and of this Act, administrative, clerical and professional employees of all nonappropriated fund instrumentalities, including those described in section 2105 (c) and section 5102 (c) (14) of this title, shall have their pay established at rates identical with the pay of Federal employees performing similar services under the Classified Civil Service.

"§ 5344. Effective date of wage increase; retroactive pay

"(a) Each increase in rates of basic pay granted, pursuant to a wage survey, to prevailing rate employees is

1 effective not later than the first day of the first pay period
2 which begins on or after the forty-fifth day, excluding
3 Saturdays and Sundays, following the date the wage survey
4 is ordered to be made.

5 "(b) Retroactive pay is payable by reason of an
6 increase in rates of basic pay referred to in subsection (a) of
7 this section only when—

8 "(1) the individual is in the service of the Gov-
9 ernment of the United States, including service in the
10 armed forces, or the government of the District of
11 Columbia on the date of the issuance of the order grant-
12 ing the increase; or

13 "(2) the individual retired or died during the
14 period beginning on the effective date of the increase
15 and ending on the date of issuance of the order granting
16 the increase, and only for services performed during that
17 period.

18 For the purpose of this subsection, service in the Armed
19 Forces includes the period provided by statute for the
20 mandatory restoration of the individual to a position in or
21 under the Government of the United States or the govern-
22 ment of the District of Columbia after he is relieved from
23 training and service in the Armed Forces or discharged from
24 hospitalization following that training and service.

1 "(c) For purposes of determining the amount of insur-
2 ance for which an individual is eligible under chapter 87
3 of this title, an increase in the rate of basic pay referred to
4 in subsection (a) of this section is effective on the date of
5 the issuance of the order granting the increase. However,
6 for an employee who dies or retires during the period
7 beginning on the effective date of the increase and ending
8 on the date of the issuance of the order granting the increase,
9 the amount of the insurance is determined as if the increase
10 under this section were in effect for the employee during that
11 period.

12 **"§ 5345. Retained rate of pay on reduction in grade**

13 "(a) Under regulations prescribed by the Civil Service
14 Commission, and subject to limitation in subsection (b) of
15 this section, a prevailing rate employee—

16 "(1) who is changed to a lower grade or reassigned
17 to a wage schedule position having an established maxi-
18 mum rate of pay which is less than the employee's
19 existing schedule of pay;

20 "(2) who holds a career or a career-conditional
21 appointment in the competitive service, or an appoint-
22 ment of equivalent tenure in the excepted service or
23 in the government of the District of Columbia;

24 "(3) whose reduction in grade is not (A) caused
25 by demotion for personal cause, (B) at his request,

1 (C) effected in a reduction in force due to lack of funds
2 or curtailment of work, or (D) with respect to a tem-
3 porary promotion, a condition of the temporary promo-
4 tion to a higher grade;
5 "(4) who, for two continuous years immediately
6 before the reduction in grade, served (A) in the
7 same agency, and (B) in a grade or grades higher than
8 the grade to which demoted; and
9 "(5) whose work performance during the two-year
10 period is satisfactory or better;
11 is entitled to basic pay at the rate to which he was entitled
12 immediately before the reduction in grade (including each
13 increase in rate of basic pay granted pursuant to a wage
14 survey) for a period of two years from the effective date of
15 the reduction in grade, so long as he—
16 "(A) continues in the same agency without a break
17 in service of one workday or more;
18 "(B) is not entitled to a higher rate of basic pay
19 by operation of this subchapter; and
20 "(C) is not demoted or reassigned (i) for per-
21 sonal cause, (ii) at his request, or (iii) in a reduction in
22 force due to lack of funds or curtailment of work.
23 "(b) Each employee meeting the basic eligibility re-
24 quirements for pay retention is entitled to retain for the pre-

1 scribed period the full amount of his existing schedule rate,
2 subject to the limitations in subsection (a), above.
3 "(c) When during a two-year pay retention period, an
4 employee is further changed to a lower grade or reassigned
5 under conditions entitling him to pay retention he continues
6 for the remainder of the two-year period to receive the same
7 retained rate. At the expiration of the original two-year
8 period the employee is entitled to a retained rate on the basis
9 of the subsequent change under the same provisions as set
10 forth in subsections (a) and (b) above, the new two-year
11 period of eligibility beginning with the date of the subsequent
12 change to a lower grade or reassignment.
13 "(d) Under regulations prescribed by the Commission
14 consistent with the provisions of subsections (a), (b), and
15 (c) of this section, an employee who is reduced to a grade
16 of a wage schedule from a position not subject to this sub-
17 chapter is entitled to a retained rate of basic pay.
18 "(e) The Commission may prescribe regulations gov-
19 erning the retention of the rate of basic pay of an employee
20 who together with his position is brought under this sub-
21 chapter. If an employee so entitled to a retained rate under
22 these regulations is later demoted to a position under this
23 subchapter, his rate of basic pay is determined under sub-
24 sections (a), (b), and (c) of this section. For the purpose

1 of those subsections, service in the position which was
2 brought under this subchapter is deemed service under this
3 chapter.

4 **"§ 5346. Job grading system**

5 "(a) The Civil Service Commission, after consulting with
6 the agencies and with labor organizations, shall establish
7 and maintain a job grading system for positions to which
8 this subchapter applies. In carrying out this subsection, the
9 Commission shall—

10 "(1) establish and define individual occupations
11 and the boundaries of each occupation;

12 "(2) establish job titles within occupations;

13 "(3) develop and publish job grading standards;
14 and

15 "(4) provide a method to assure consistency in the
16 application of job standards.

17 "(b) The Commission, from time to time, shall review
18 such numbers of positions in each agency as will enable the
19 Commission to determine whether the agency is placing posi-
20 tions in occupations and grades in conformance with or
21 consistently with published job standards. When the Com-
22 mission finds that a position is not placed in its proper
23 occupation and grade in conformance with published stand-
24 ards or that a position for which there is no published
25 standards is not placed in the occupation and grade con-

1 sistently with published standards, or shall, after consulta-
2 tion with appropriate officials of the agency concerned, place
3 the position in its appropriate occupation and grade and
4 shall certify this action to the agency. The agency shall act
5 in accordance with the certificate, and the certificate is
6 binding on all administrative, certifying, payroll, disbursing,
7 and accounting officials.

8 "(c) On application, made in accordance with regu-
9 lations prescribed by the Commission, by a prevailing rate
10 employee for the review of the action of an employing agency
11 in placing his position in an occupation and grade for pay
12 purposes, the Commission shall—

13 "(1) ascertain currently the facts as to the duties,
14 responsibilities, and qualification requirements of the
15 position;

16 "(2) decide whether the position has been placed
17 in the proper occupation and grade; and

18 "(3) approve, disapprove, or modify, in accord-
19 ance with its decision, the action of the employing
20 agency in placing the position in an occupation and
21 grade.

22 The Commission shall certify to the agency concerned its
23 action under paragraph (3) of this subsection. The agency
24 shall act in accordance with the certificate, and the certificate

1 is binding on all administrative, certifying, payroll, dis-
2 bursing, and accounting officials.

3 **"§ 5347. Federal Prevailing Rate Advisory Committee**

4 "(a) There is established a Federal Prevailing Rate
5 Advisory Committee composed of—

6 "(1) the Chairman, who shall not hold any other
7 position in the Government of the United States or
8 the government of the District of Columbia, and who
9 shall be appointed by the President for a four-year
10 term at a rate of pay equivalent to the maximum rate
11 for the General Schedule; in making his appointment,
12 the President shall consider nominations submitted by
13 labor organizations entitled to representation on the
14 Federal Prevailing Rate Advisory Committee.

15 "(2) the head, or his designee, of each of the
16 four executive agencies (other than the Civil Service
17 Commission), and military departments designated by
18 the Chairman of the Civil Service Commission from
19 time to time as having the largest number of prevailing
20 rate employees;

21 "(3) an employee of the Civil Service Commission,
22 appointed by the Chairman of the Civil Service
23 Commission; and

24 "(4) Five representatives, appointed by the Chair-
25 man of the Civil Service Commission, from among labor

1 organizations representing the largest number of pre-
2 vailing rate employees under exclusive recognition in
3 the service of the Government of the United States and
4 its instrumentalities and the government of the District
5 of Columbia;

6 "(b) In making appointments of representatives of
7 labor organizations under subsection (a) (4) of this section,
8 the Chairman of the Civil Service Commission shall appoint,
9 as nearly as practicable, a number of representatives from
10 a particular labor organization in the same proportion as the
11 number of prevailing rate employees represented by such
12 organization is to the total number of prevailing rate em-
13 ployees in the Government of the United States and its
14 instrumentalities and the government of the District of
15 Columbia. However, in any case there shall not be more
16 than two representatives from any one labor organization
17 nor more than four representatives from a single council,
18 federation, alliance, association or affiliation of labor orga-
19 nizations.

20 "(c) Every second year the Chairman of the Civil
21 Service Commission shall review labor organization repre-
22 sentation to determine adequate or proportional representa-
23 tion under the guidelines of subsection (b) of this section.

24 "(d) The Committee shall study the prevailing rate
25 system and other matters pertinent to the establishment of

1 prevailing rates under this subchapter and, from time to
2 time, advise the Civil Service Commission thereon. Con-
3 clusions and recommendations of the Committee shall be
4 formulated by majority vote. The Committee shall make
5 an annual report to the Commission and the President for
6 transmittal to Congress, including recommendations and
7 other matters considered appropriate. Any member of the
8 Committee may include in the annual report recommenda-
9 tions and other matters he considers appropriate.

10 "(e) The Committee shall meet at the call of the Chair-
11 man. However, a special meeting shall be called by the
12 Chairman if three members make a written request to the
13 Chairman to call a special meeting to consider matters
14 within the purview of the Committee.

15 "(f) Members of the Committee (other than labor
16 organization representatives and the Chairman) serve with-
17 out additional pay. Labor organization members are not
18 entitled to pay from the Government of the United States
19 for services rendered to the Committee.

20 "(g) The Civil Service Commission shall provide such
21 clerical and professional personnel as the Committee con-
22 siders appropriate and necessary to carry out its functions
23 under this subchapter. Such personnel shall be responsible
24 solely to the Committee.

1 **"§ 5348. Crews of vessels**

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

8 "(b) Vessel employees of the Panama Canal Company
9 may be paid in accordance with the wage practices of the
10 maritime industry.".

11 (b) The analysis of subchapter IV of chapter 53 of
12 title 5, United States Code, is amended to read as follows:

13 **"Subchapter IV—Prevailing Rate System**

"5341. Policy.
"5342. Definitions; application.
"5343. Prevailing rate determination; wage schedules.
"5344. Effective date of wage increase; retroactive pay.
"5345. Retained rate of pay on reduction in grade.
"5346. Job grading system.
"5347. Federal Prevailing Rate Advisory Committee.
"5348. Crews of vessels.".

14 SEC. 2. Section 2105 (c) (1) of title 5, United States
15 Code, is amended by inserting "(other than subchapter IV
16 of chapter 53 and section 7154 of this title)" immediately
17 following "laws".

18 SEC. 3. Section 5337 of title 5, United States Code, is
19 amended—

20 (1) by striking out the words "to which this section
21 applies" wherever they appear in subsection (b) and

1 inserting "to which that subsection applies" in place
2 thereof; and
3 (2) by adding at the end thereof:
4 "(c) Under regulations prescribed by the Civil Service
5 Commission consistent with the provisions of subsections
6 (a) and (b) of this section, an employee who is reduced
7 to a grade of the General Schedule from a position to which
8 this subchapter does not apply is entitled to a retained rate
9 of basic pay.".
10 SEC. 4. Section 5541 (2) (xi) of title 5, United States
11 Code, is amended to read as follows:
12 "(xi) an employee whose pay is fixed and adjusted
13 from time to time in accordance with prevailing rates
14 under subchapter IV of chapter 53 of this title, or by a
15 wage board or similar administrative authority serving
16 the same purpose, except as provided by section 5544
17 of this title;".
18 SEC. 5. The first sentence of section 5544 (a) of title 5,
19 United States Code, is amended to read as follows:
20 "An employee whose pay is fixed and adjusted from
21 time to time in accordance with prevailing rates under
22 section 5343 of this title, or by a wage board or similar
23 administrative authority serving the same purpose, is

1 entitled to overtime pay for overtime work in excess
2 of eight hours a day or forty hours a week.".

3 SEC. 6. Section 6101 (a) (1) of title 5, United States
4 Code, is amended by inserting "other than an employee
5 whose pay is fixed and adjusted from time to time in accord-
6 ance with prevailing rates under section 5343 of this title
7 or by a wage board or similar administrative authority serv-
8 ing the same purpose" immediately preceding the period at
9 the end thereof.

10 SEC. 7. (a) Section 6102 of title 5, United States Code,
11 is repealed.

12 (b) The analysis of chapter 61 of title 5, United States
13 Code, is amended by striking out—

"6102. Eight-hour day; forty-hour workweek; wage board employees.".

14 SEC. 8. Section 7154 (b) of title 5, United States Code,
15 is amended by striking out "subchapter III of chapter 53"
16 and inserting "subchapters III and IV of chapter 53" in
17 place thereof.

18 SEC. 9. (a) An employee's initial rate of pay on con-
19 version to a wage schedule established pursuant to the
20 amendments made by this Act shall be determined under
21 conversion rules prescribed by the Civil Service Commis-
22 sion. The amendments made by this Act shall not be

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1 construed to decrease the existing rate of basic pay of any
2 present employee subject thereto.

3 (b) The amendments made by this Act shall not be
4 construed to affect agreements at present in effect as a result
5 of negotiations between departments and agencies of the Gov-
6 ernment of the United States, or subdivisions thereof, and
7 organized employees. It is the intent of this Act that through
8 negotiations between the Commission, the heads of those
9 agencies referred to in clauses (i)-(viii) of section 5102
10 (a) (1) of title 5, United States Code, and the organized
11 employees, that, in due time, wherever feasible, all prevail-
12 ing rate employees be covered by the amendments made by
13 this Act.

14 SEC. 10. The provisions of sections 1 to 9 of this Act
15 are effective on the first day of the first pay period which
16 begins on or after ninety days after the date of enactment
17 of this Act except that, in the case of those employees re-
18 ferred to in section 5342 (a) (2) (C) and (D) of title 5,
19 United States Code, (as amended by the first section of this
20 Act), such provisions are effective on the first day of the first
21 pay period which begins on or after one hundred and eighty
22 days after such date of enactment or on such earlier date
23 (not earlier than ninety days after such date of enactment)
24 as the Civil Service Commission may prescribe.

92D CONGRESS
1ST SESSION

S. 315

IN THE SENATE OF THE UNITED STATES

JANUARY 27 (legislative day, JANUARY 26), 1971

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

A BILL

Relating to the fixing of prevailing rates for wage board employees of the Government of the United States.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That (a) subchapter IV of chapter 53 of title 5, United
4 States Code, is amended to read as follows:
5 "SUBCHAPTER IV—PREVAILING RATE SYSTEMS
6 **"§ 5341. Policy**
7 "It is the policy of Congress that rates of pay of pre-
8 vailing rate employees be uniformly fixed and adjusted and
9 be based on principles that—
10 "(1) there will be equal pay for substantially equal
11 work for all employees who are working under similar

1 conditions of employment in all agencies within the same
2 wage area;
3 "(2) there will be relative differences in pay within
4 a wage area when there are substantial or recognizable
5 differences in duties, responsibilities, and qualification
6 requirements among positions;
7 "(3) the level of rates of pay will be maintained
8 in line with prevailing levels of comparable work within
9 a wage area; and
10 "(4) the level of rates of pay will be maintained so
11 as to attract and retain qualified employees.
12 **"§ 5342. Definitions; application**
13 "(a) For the purpose of this subchapter—
14 "(1) 'agency' has the meaning given it by section
15 5102 of this title;
16 "(2) 'prevailing rate employee' means—
17 "(A) an individual employed in or under an
18 agency in a recognized trade or craft, or other skilled
19 mechanical craft, or in an unskilled, semiskilled, or
20 skilled manual labor occupation, and any other in-
21 dividual, including a foreman and a supervisor, in a
22 position having trade, craft, or laboring experience
23 and knowledge as the paramount requirement;
24 "(B) an employee in the Bureau of Engraving
25 and Printing whose duties are to perform or direct

1 manual or machine operations requiring special skill
2 or experience, or to perform or direct the counting,
3 examining, sorting, or other verification of the prod-
4 uct of manual or machine operations;
5 "(C) an employee of a nonappropriated fund
6 instrumentality described by section 2105 (c) of this
7 title who is employed in a recognized trade or craft,
8 or other skilled mechanical craft, or in an unskilled,
9 semiskilled, or skilled manual labor occupation, and
10 any other individual, including a foreman and a
11 supervisor, in a position having trade, craft, or labor-
12 ing experience and knowledge as the paramount re-
13 quirement; and
14 "(D) an employee of the Veterans' Canteen
15 Service, Veterans' Administration, excepted from
16 chapter 51 of this title by section 5102 (c) (14) of
17 this title; and
18 "(3) 'position' means the work, consisting of duties
19 and responsibilities, assignable to a prevailing rate em-
20 ployee.
21 "(b) This subchapter applies to all prevailing rate em-
22 ployees and positions in or under an agency. All such em-
23 ployees employed within the United States shall be bona
24 fide residents of the United States, unless the Secretary of
25 Labor certifies that no bona fide resident of the United States

1 is available to fill the particular position. This subchapter
2 does not apply to employees and positions described by sec-
3 tion 5102 (c) of this title other than by paragraphs (7),
4 (8), and (14) of that section.

5 **"§ 5343. Prevailing rate determinations; wage schedules**

6 "(a) The pay of prevailing rate employees shall be
7 fixed and adjusted from time to time as nearly as is consist-
8 ent with the public interest in accordance with prevailing
9 rates. Subject to section 213 (f) of title 29, the rates may
10 not be less than the appropriate rates provided by section
11 206 (a) (1) of title 29. To carry out this subsection—

12 "(1) the Civil Service Commission shall define
13 the boundaries of individual local wage areas and desig-
14 nate a lead agency for each local wage area;

15 "(2) a lead agency, on order of the Commission
16 shall conduct a wage survey within the local wage area,
17 collect and analyze wage survey data, and develop and
18 establish wage schedules; and

19 "(3) the head of each agency having prevailing
20 rate employees in a local wage area shall fix and adjust
21 the rates of such employees in that area in accordance
22 with the wage schedules established by the lead agency
23 in that area.

24 "(b) The Commission shall order full-scale wage sur-
25 veys every second year with interim surveys in alternating

1 years. The Commission may order more frequent surveys
2 when conditions so suggest.
3 "(c) The Commission, by regulation, shall prescribe
4 practices and procedures for conducting wage surveys, ana-
5 lyzing wage survey data, and developing and establishing
6 wage schedules. The regulations shall provide—
7 "(1) that wages surveyed be those paid by private
8 employers in the local wage area for similar work per-
9 formed by regular full-time employees;
10 "(2) for participation at all levels by representa-
11 tives of employee organizations in every phase of pro-
12 viding an equitable system for fixing and adjusting the
13 rates of pay for prevailing rate employees, including
14 the planning of the surveys, the drafting of specifications,
15 the selection of data collectors, the collection and the
16 analysis of the data, and the submission of recommenda-
17 tions to the head of the lead agency for wage schedules
18 and for special wage schedules where appropriate;
19 "(3) for requirements for the accomplishment of
20 wage surveys and for the development of wage schedules;
21 "(4) (A) that a lead agency, in making a wage
22 survey, shall determine whether there exists in the local
23 wage area a sufficient number of comparable positions
24 in private industry to establish wage schedules for the
25 principal types of positions for which the survey is made,

1 and that the determination shall be in writing and shall
2 take into consideration all relevant evidence including
3 evidence submitted by employee organizations recognized
4 as representative of employees in the area; and
5 "(B) that, when it is determined that there is an
6 insufficient number of comparable positions in private
7 industry to establish the wage schedules, the lead agency
8 shall establish the wage schedules on the basis of local
9 private industry rates and rates paid for comparable
10 positions in private industry in the nearest wage area
11 that it determines to be most similar in the nature of
12 its population, employment, manpower, and industry to
13 the wage area for which the wage survey is being made.
14 "(5) (A) that each grade of a wage schedule have
15 4 steps, the first step at 96 percent of the prevailing rate,
16 the second step at 100 percent of the prevailing rate, the
17 third step at 104 percent of the prevailing rate, and the
18 fourth step at 108 percent of the prevailing rate, except
19 that a special wage schedule under paragraph (6) of
20 this subsection shall have not less than 4 steps;
21 "(B) that, with satisfactory work performance of
22 an acceptable level of competence as determined by the
23 head of the agency, an employee advance automatically
24 to the next higher step within the grade at the beginning
25 of the next pay period following the completion of—

1 "(i) 26 calendar weeks of continuous service
2 in step 1;
3 "(ii) 78 calendar weeks of continuous service
4 in step 2; and
5 "(iii) 104 calendar weeks of continuous service
6 in step 3; and
7 "(C) that the benefit of successive step increases is
8 preserved for employees whose continuous service is in-
9 terrupted in the public interest by service with the armed
10 forces or by service in essential non-Government civilian
11 employment during a period of war or national emer-
12 gency;
13 "(6) for special rates and schedules including, but
14 not limited to, supervisory schedules and industry ori-
15 ented schedules, as appropriate;
16 "(7) for equal rates of pay for the same work in
17 the same local wage area;
18 "(8) for pay distinctions in keeping with work
19 distinctions, with proper differentials as determined by
20 the Commission for duty involving unusually severe
21 working conditions or unusually severe hazards;
22 "(9) rules governing the administration of pay for
23 individual employees on appointment, transfer, promo-
24 tion, demotion (including retention of pay rates as ap-

1 propriate), and other similar changes in employment
2 status; and
3 "(10) for a continuing program of systems mainte-
4 nance and improvement designed to keep the prevailing
5 rate system fully abreast of changing conditions, prac-
6 tices, and techniques both in and out of the Government
7 of the United States.
8 **"§ 5344. Effective date of wage increase; retroactive pay**
9 "(a) Each increase in rates of basic pay granted, pur-
10 suant to a wage survey, to prevailing rate employees is effec-
11 tive not later than the first day of the first pay period which
12 begins on or after the 45th day, excluding Saturdays and
13 Sundays, following the date the wage survey is ordered to be
14 made.
15 "(b) Retroactive pay is payable by reason of an increase
16 in rates of basic pay referred to in subsection (a) of this
17 section only when—
18 "(1) the individual is in the service of the Govern-
19 ment of the United States, including service in the armed
20 forces, or the government of the District of Columbia on
21 the date of the issuance of the order granting the in-
22 crease; or
23 "(2) the individual retired or died during the period
24 beginning on the effective date of the increase and ending

1 on the date of issuance of the order granting the increase,
2 and only for services performed during that period.
3 For the purpose of this subsection, service in the armed
4 forces includes the period provided by statute for the manda-
5 tory restoration of the individual to a position in or under
6 the Government of the United States or the government
7 of the District of Columbia after he is relieved from training
8 and service in the armed forces or discharged from hos-
9 pitalization following that training and service.
10 "(c) For purposes of determining the amount of in-
11 surance for which an individual is eligible under chapter 87
12 of this title, an increase in the rate of basic pay referred to
13 in subsection (a) of this section is effective on the date of
14 the issuance of the order granting the increase. However, for
15 an employee who dies or retires during the period beginning
16 on the effective date of the increase and ending on the date
17 of the issuance of the order granting the increase, the amount
18 of the insurance is determined as if the increase under this
19 section were in effect for the employee during that period.
20 **"§ 5345. Retained rate of pay on reduction in grade**
21 "(a) Under regulations prescribed by the Civil Service
22 Commission, and subject to the limitation in subsection (b)
23 of this section, a prevailing rate employee—

1 "(1) who is reduced in grade from a grade of a
2 wage schedule;
3 "(2) who holds a career or a career-conditional
4 appointment in the competitive service, or an appoint-
5 ment of equivalent tenure in the excepted service or in
6 the government of the District of Columbia;
7 "(3) whose reduction in grade is not (A) caused
8 by a demotion for personal cause, (B) at his request,
9 (C) effected in a reduction in force due to lack of funds
10 or curtailment of work, or (D) with respect to a tem-
11 porary promotion, a condition of the temporary promo-
12 tion to a higher grade;
13 "(4) who, for 2 continuous years immediately be-
14 fore the reduction in grade, served (A) in the same
15 agency, and (B) in a grade or grades higher than the
16 grade to which demoted; and
17 "(5) whose work performance during the 2-year
18 period is satisfactory or better.
19 is entitled to basic pay at the rate to which he was entitled
20 immediately before the reduction in grade (including each
21 increase in rate of basic pay granted pursuant to a wage
22 survey) for a period of 2 years from the effective date of
23 the reduction in grade, so long as he—
24 "(A) continues in the same agency without a
25 break in service of 1 workday or more;

1 "(B) is not entitled to a higher rate of basic pay
2 by operation of this subchapter; and
3 "(C) is not demoted or reassigned (i) for personal
4 cause, (ii) at his request, or (iii) in a reduction in
5 force due to a lack of funds or curtailment of work.
6 "(b) The rate of basic pay to which a prevailing rate
7 employee is entitled under subsection (a) of this section
8 with respect to each reduction in grade to which that sub-
9 section applies may not exceed the sum of—
10 "(1) the minimum rate of the grade to which he is
11 reduced under each reduction in grade to which that sub-
12 section applies (including each increase in rate of basic
13 pay granted pursuant to a wage survey); and
14 "(2) the difference between his rate immediately
15 before the first reduction in grade to which that sub-
16 section applies (including each increase in rate of basic
17 pay granted pursuant to a wage survey) and the mini-
18 mum rate of that grade which is 3 grades lower than the
19 grade from which he was reduced under the first of the
20 reductions in grade (including each increase in the rate
21 of basic pay granted pursuant to a wage survey).
22 "(c) Under regulations prescribed by the Commission
23 consistent with the provisions of subsections (a) and (b) of
24 this section, an employee who is reduced to a grade of a

1 wage schedule from a position not subject to this subchapter
2 is entitled to a retained rate of basic pay.
3 "(d) The Commission may prescribe regulations gov-
4 erning the retention of the rate of basic pay of an employee
5 who together with his position is brought under this sub-
6 chapter. If an employee so entitled to a retained rate under
7 these regulations is later demoted to a position under this sub-
8 chapter, his rate of basic pay is determined under subsections
9 (a) and (b) of this section. For the purpose of those sub-
10 sections, service in the position which was brought under this
11 subchapter is deemed service under this subchapter.
12 "(a) The Civil Service Commission, after consulting
13 with the agencies and with employee organizations, shall
14 establish and maintain a job grading system for positions to
15 which this subchapter applies. In carrying out this sub-
16 section, the Commission shall—
17 "(1) establish and define individual occupations
18 and the boundaries of each occupation;
19 "(2) establish job titles within occupations;
20 "(3) develop and publish job grading standards;
21 and
22 "(4) provide a method to assure consistency in the
23 application of job standards.
24 "(b) The Commission, from time to time, shall review
25 such numbers of positions in each agency as will enable the

1 Commission to determine whether the agency is placing
2 positions in occupations and grades in conformance with or
3 consistently with published job standards. When the Com-
4 mission finds that a position is not placed in its proper oc-
5 cupation and grade in conformance with published stand-
6 ards or that a position for which there is no published stand-
7 ards is not placed in the occupation and grade consistently
8 with published standards, it shall, after consultation with
9 appropriate officials of the agency concerned, place the posi-
10 tion in its appropriate occupation and grade and shall certify
11 this action to the agency. The agency shall act in accordance
12 with the certificate, and the certificate is binding on all ad-
13 ministrative, certifying, payroll, disbursing, and accounting
14 officials.

15 "(c) On application, made in accordance with regula-
16 tions prescribed by the Commission, by a prevailing rate
17 employee for the review of the action of an employing
18 agency in placing his position in an occupation and grade for
19 pay purposes, the Commission shall—

20 "(1) ascertain currently the facts as to the duties,
21 responsibilities, and qualification requirements of the
22 position;

23 "(2) decide whether the position has been placed in
24 the proper occupation and grade; and

25 "(3) approve, disapprove, or modify, in accordance

1 with its decision, the action of the employing agency in
2 placing the position in an occupation and grade.
3 The Commission shall certify to the agency concerned its
4 action under paragraph (3) of this subsection. The agency
5 shall act in accordance with the certificate, and the certificate
6 is binding on all administrative, certifying, payroll, disburs-
7 ing, and accounting officials.
8 **"§ 5347. Federal Prevailing Rate Advisory Committee**
9 "(a) There is established a Federal Prevailing Rate
10 Advisory Committee composed of—
11 "(1) the Chairman, who shall not hold any other
12 position in the Government of the United States or the
13 government of the District of Columbia, and who shall
14 be appointed by the President for a 4-year term at a rate
15 of pay equivalent to the maximum rate for the General
16 Schedule;
17 "(2) the head, or his designee, of each of the 4 Ex-
18 ecutive agencies (other than the Civil Service Commis-
19 sion), and military departments designated by the
20 Chairman of the Civil Service Commission from time
21 to time as having the largest number of prevailing rate
22 employees;
23 "(3) an employee of the Civil Service Commission,
24 appointed by the Chairman of the Civil Service Com-
25 mission; and

1 "(4) 5 representatives, appointed by the Chairman
2 of the Civil Service Commission, from among the em-
3 ployee organizations representing, under exclusive rec-
4 ognition of the Government of the United States, the
5 largest numbers of prevailing rate employees in the serv-
6 ice of the Government of the United States.

7 "(b) In making appointments of representatives of
8 employee organizations under subsection (a) (4) of this
9 section, the Chairman of the Civil Service Commission shall
10 appoint, as nearly as practicable, a number of representa-
11 tives from a particular employee organization in the same
12 proportion as the number of prevailing rate employees rep-
13 resented by such organization is to the total number of
14 prevailing rate employees in the Government of the United
15 States and the government of the District of Columbia.
16 However, in any case there shall not be more than 2 repre-
17 sentatives from any one employee organization nor more
18 than 4 representatives from a single council, federation, al-
19 liance, association or affiliation of employee organizations.

20 "(c) Every second year the Chairman of the Civil
21 Service Commission shall review employee organization rep-
22 resentation to determine adequate or proportional represen-
23 tation under the guidelines of subsection (b) of this section.

24 "(d) The representatives from the employee organiza-

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1 tions serve at the pleasure of the Chairman of the Civil
2 Service Commission.
3 "(e) The Committee shall study the prevailing rate
4 system and other matters pertinent to the establishment of
5 prevailing rates under this subchapter and, from time to
6 time, advise the Civil Service Commission thereon. Conclu-
7 sions and recommendations of the Committee shall be for-
8 mulated by majority vote. The Committee shall make an
9 annual report to the Commission and the President for
10 transmittal to Congress, including recommendations and
11 other matters considered appropriate. Any member of the
12 Committee may include in the annual report recommenda-
13 tions and other matters he considers appropriate.
14 "(f) The Committee shall meet at the call of its Chair-
15 man. However, a special meeting shall be called by the
16 Chairman if a majority of the members makes a written
17 request to the Chairman to call a special meeting to consider
18 matters within the purview of the Committee.
19 "(g) Members of the Committee (other than employee
20 organization representatives and the Chairman) serve with-
21 out additional pay. Employee organization members are not
22 entitled to pay from the Government of the United States
23 for services rendered to the Committee.
24 "(h) The Civil Service Commission shall provide such
25 clerical and professional personnel as the Committee con-

1 siders appropriate and necessary to carry out its functions
2 under this subchapter. Such personnel shall be responsible
3 solely to the Committee.

4 **"§ 5348. Crews of vessels**

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

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

14 (b) The analysis of subchapter IV of chapter 53 of
15 title 5, United States Code, is amended to read as follows:

"SUBCHAPTER IV—PREVAILING RATE SYSTEMS

"5341. Policy.
"5342. Definitions; application.
"5343. Prevailing rate determinations; wage schedules.
"5344. Effective date of wage increase; retroactive pay.
"5345. Retained rate of pay on reduction in grade.
"5346. Job grading system.
"5347. Federal Prevailing Rate Advisory Committee.
"5348. Crews of vessels.".

16 SEC. 2. Section 2105 (c) (1) of title 5, United States
17 Code, is amended by inserting "(other than subchapter IV
18 of chapter 53 and section 7154 of this title)" immediately
19 following "laws".

1 SEC. 3. Section 5337 of title 5, United States Code, is
2 amended—
3 (1) by striking out the words "to which this sec-
4 tion applies" wherever they appear in subsection (b)
5 and inserting "to which that subsection applies" in place
6 thereof; and
7 (2) by adding at the end thereof:
8 "(c) Under regulations prescribed by the Civil Service
9 Commission consistent with the provisions of subsections
10 (a) and (b) of this section, an employee who is reduced
11 to a grade of the General Schedule from a position to which
12 this subchapter does not apply is entitled to a retained rate
13 of basic pay.".
14 SEC. 4. Section 5541 (2) (xi) of title 5, United States
15 Code, is amended to read as follows:
16 "(xi) an employee whose pay is fixed and adjusted
17 from time to time in accordance with prevailing rates
18 under subchapter IV of chapter 53 of this title, or by
19 a wage board or similar Administrative authority serv-
20 ing the same purpose, except as provided by section
21 5544 of this title;".
22 SEC. 5. The first sentence of section 5544 (a) of title 5,
23 United States Code, is amended to read as follows: "An
24 employee whose pay is fixed and adjusted from time to time
25 in accordance with prevailing rates under section 5343 of

1 this title, or by a wage board or similar administrative au-
2 thority serving the same purpose, is entitled to overtime pay
3 for overtime work in excess of 8 hours a day or 40 hours a
4 week.".

5 SEC. 6. Section 6101 (a) (1) of title 5, United States
6 Code, is amended by inserting "other than an employee
7 whose pay is fixed and adjusted from time to time in accord-
8 ance with prevailing rates under section 5343 of this title
9 or by a wage board or similar administrative authority serv-
10 ing the same purpose" immediately preceding the period at
11 the end thereof.

12 SEC. 7. (a) Section 6102 of title 5, United States Code,
13 is repealed.

14 (b) The analysis of chapter 61 of title 5, United States
15 Code, is amended by striking out—

"6102. Eight-hour day; 40-hour workweek; wage-board employees.".

16 SEC. 8. Section 7154 (b) of title 5, United States Code,
17 is amended by striking out "subchapter III of chapter 53"
18 and inserting "subchapters III and IV of chapter 53" in
19 place thereof.

20 SEC. 9. (a) An employee's initial rate of pay on con-
21 version to a wage schedule established pursuant to the amend-
22 ments made by this Act shall be determined under
23 conversion rules prescribed by the Civil Service Commission.
24 The amendments made by this Act shall not be construed

1 to decrease the existing rate of basic pay of any present em-
2 ployee subject thereto.
3 (b) The amendments made by this Act shall not
4 be construed to affect agreements presently in effect as a
5 result of negotiations between departments and agencies of
6 the Government of the United States, or subdivisions there-
7 of, and organized employees. It is the intent of this Act that
8 through negotiations between the Commission, the heads of
9 those agencies referred to in clauses (i)-(viii) of section
10 5102 (a) (1) of title 5, United States Code, and the organized
11 employees, that, in due time, wherever feasible, all prevail-
12 ing rate employees be covered by the amendments made by
13 this Act.
14 SEC. 10. The provisions of sections 1–9 of this Act are
15 effective on the first day of the first pay period which begins
16 on or after 90 days after the date of enactment of this Act
17 except that, in the case of those employees referred to in sec-
18 tion 5342 (a) (2) (C) and (D) of title 5, United States
19 Code (as amended by the first section of this Act), such
20 provisions are effective on the first day of the first pay period
21 which begins on or after one hundred and eighty days after
22 such date of enactment or on such earlier date (not earlier
23 than ninety days after such date of enactment) as the Civil
24 Service Commission may prescribe.

92D CONGRESS
1ST SESSION

S. 1086

IN THE SENATE OF THE UNITED STATES

MARCH 2 (legislative day, FEBRUARY 17), 1971

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

A BILL

To provide an equitable system for fixing and adjusting the rates of pay for prevailing rate employees of the Government, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) subchapter IV of chapter 53 of title 5, United States Code, is amended to read as follows:

"SUBCHAPTER IV—PREVAILING RATE SYSTEMS

"§ 5341. Policy

"It is the policy of Congress that rates of pay of prevailing rate employees be uniformly fixed and adjusted and be based on principles that—

"(1) there will be equal pay for substantially equal work for all employees who are working under similar

1 conditions of employment in all agencies within the
2 same wage area;
3 "(2) there will be relative differences in pay within
4 a wage area when there are substantial or recog-
5 nizable differences in duties, responsibilities, and quali-
6 fication requirements among positions;
7 "(3) the level of rates of pay will be maintained in
8 line with prevailing levels of comparable work within
9 a wage area; and
10 "(4) the level of rates of pay will be maintained so
11 as to attract and retain qualified employees.
12 **"§ 5342. Definitions; application**
13 "(a) For the purpose of this subchapter—
14 "(1) 'agency' has the meaning given it by section
15 5102 of this title;
16 "(2) 'prevailing rate employee' means—
17 "(A) an individual employed in or under an
18 agency in a recognized trade or craft, or other
19 skilled mechanical craft, or in an unskilled, semi-
20 skilled, or skilled manual labor occupation, and any
21 other individual, including a foreman and a super-
22 visor, in a position having trade, craft, or laboring
23 experience and knowledge as the paramount
24 requirement;
25 "(B) an employee in the Bureau of Engraving

1 and Printing whose duties are to perform or direct
2 manual or machine operations requiring special skill
3 or experience, or to perform or direct the counting,
4 examining, sorting, or other verification of the
5 product of manual or machine operations;
6 "(C) an employee of a nonappropriated fund
7 instrumentality described by section 2105(c) of
8 this title who is employed in a recognized trade
9 or craft, or other skilled mechanical craft, or in an
10 unskilled, semiskilled, or skilled manual labor occu-
11 pation, and any other individual, including a fore-
12 man and a supervisor, in a position having trade,
13 craft, or laboring experience and knowledge as the
14 paramount requirement; and
15 "(D) an employee of the Veterans' Canteen
16 Service, Veterans' Administration, excepted from
17 chapter 51 of this title by section 5102(c)(14)
18 of this title who is employed in a recognized trade
19 or craft, or other skilled mechanical craft, or in
20 an unskilled, semiskilled, or skilled manual labor
21 occupation, and any other individual, including a
22 foreman and a supervisor, in a position having trade,
23 craft, or labor experience and knowledge as the
24 paramount requirement; and
25 "(3) 'position' means the work, consisting of duties

1 and responsibilities, assignable to a prevailing rate
2 employee.
3 "(b) This subchapter applies to all prevailing rate em-
4 ployees and positions in or under an agency. All such em-
5 ployees employed within the United States shall be bona
6 fide residents of the United States, unless the Secretary of
7 Labor certifies that no bona fide resident of the United States
8 is available to fill the particular position. This subchapter
9 does not apply to employees and positions described by
10 section 5102 (c) of this title other than by paragraphs (7),
11 (8), and (14) of that section.
12 **"§ 5343. Prevailing rate determinations; wage schedules**
13 "(a) The pay of prevailing rate employees shall be
14 fixed and adjusted from time to time as nearly as is con-
15 sistent with the public interest in accordance with prevailing
16 rates. Subject to section 213 (f) of title 29, the rates may not
17 be less than the appropriate rates provided by section
18 206 (a) (1) of title 29. To carry out this subsection—
19 "(1) the Civil Service Commission shall define
20 the boundaries of individual local wage areas and desig-
21 nate a lead agency for each local wage area;
22 "(2) a lead agency, on order of the Commission,
23 shall conduct a wage survey within the local wage area,
24 collect and analyze wage survey data, and develop and
25 establish wage schedules; and

1 "(3) the head of each agency having prevailing
2 rate employees in a local wage area shall fix and adjust
3 the rates of such employees in that area in accordance
4 with the wage schedules established by the lead agency
5 in that area.

6 "(b) The Commission shall order full-scale wage sur-
7 veys every second year with interim surveys in alternating
8 years. The Commission may order more frequent surveys
9 when conditions so suggest.

10 "(c) The Commission, by regulation, shall prescribe
11 practices and procedures for conducting wage surveys, ana-
12 lyzing wage survey data, and developing and establishing
13 wage schedules. The regulations shall provide—

14 "(1) that wages surveyed by those paid by private
15 employers in the local wage area for similar work per-
16 formed by regular full-time employees;

17 "(2) for participation at all levels by representa-
18 tives of employee organizations in every phase of pro-
19 viding an equitable system for fixing and adjusting the
20 rates of pay for prevailing rate employees, including the
21 planning of the surveys, the drafting of specifications,
22 the selection of data collectors, the collection and the
23 analysis of the data, and the submission of recommenda-
24 tions to the head of the lead agency for wage schedules
25 and for special wage schedules where appropriate;

"(3) for requirements for the accomplishment of wage surveys and for the development of wage schedules;

"(4) (A) that a lead agency, in making a wage survey, shall determine whether there exists in the local wage area a sufficient number of comparable positions in private industry to establish wage schedules for the principal types of positions for which the survey is made, and that the determination shall be in writing and shall take into consideration all relevant evidence including evidence submitted by employee organizations recognized as representative of employees in the area; and

"(B) that, when it is determined that there is an insufficient number of comparable positions in private industry to establish the wage schedules, the lead agency shall establish the wage schedules on the basis of local private industry rates and rates paid for comparable positions in private industry in the nearest wage area that it determines to be most similar in the nature of its population, employment, manpower, and industry to the wage area for which the wage survey is being made;

"(5) (A) that each grade of a wage schedule have 5 steps, the first step at 96 percent of the prevailing

1 rate, the second step at 100 percent of the prevailing
2 rate, the third step at 104 percent of the prevailing
3 rate, the fourth step at 108 percent of the prevailing
4 rate, and the fifth step at 112 percent of the prevailing
5 rate;

6 "(B) that, with satisfactory work performance of
7 an acceptable level of competence as determined by the
8 head of the agency, an employee advance automatically
9 to the next higher step within the grade at the begin-
10 ning of the next pay period following the completion
11 of—

12 "(i) 26 calendar weeks of continuous service
13 in step 1;

14 "(ii) 78 calendar weeks of continuous service
15 in step 2; and

16 "(iii) 104 calendar weeks of continuous service
17 in steps 3, 4, and 5; and

18 "(C) that the benefit of successive step increases is
19 preserved for employees whose continuous service is
20 interrupted in the public interest by service with the
21 armed forces or by service in essential non-Government
22 civilian employment during a period of war or national
23 emergency;

24 "(6) for special rates and schedules including, but

1 not limited to, supervisory schedules and industry
2 oriented schedules, as appropriate;
3 "(7) for equal rates of pay for the same work in
4 the same local wage area;
5 "(8) for pay distinctions in keeping with work
6 distinctions, with proper differentials as determined by
7 the Commission for duty involving unusually severe
8 working conditions or unusually severe hazards;
9 "(9) rules governing the administration of pay for
10 individual employees on appointment, transfer, promo-
11 tion, demotion (including retention of pay rates as
12 appropriate), and other similar changes in employment
13 status;
14 "(10) for a continuing program of systems mainte-
15 nance and improvement designed to keep the prevailing
16 rate system fully abreast of changing conditions, prac-
17 tices, and techniques both in and out of the Government
18 of the United States;
19 "(11) for a 7½-percent differential for regularly
20 scheduled nonovertime work a majority of the hours
21 of which occur between 3 o'clock postmeridian, and
22 midnight; and
23 "(12) for a 10-percent differential for regularly
24 scheduled nonovertime work a majority of the hours of

1 which occur between 11 o'clock postmeridian, and
2 8 o'clock antemeridian.

3 **"§ 5344. Effective date of wage increase; retroactive pay**

4 "(a) Each increase in rates of basic pay granted, pur-
5 suant to a wage survey, to prevailing rate employees is
6 effective not later than the first day of the first pay period
7 which begins on or after the 45th day, excluding Saturdays
8 and Sundays, following the date the wage survey is ordered
9 to be made.

10 "(b) Retroactive pay is payable by reason of an in-
11 crease in rates of basic pay referred to in subsection (a) of
12 this section only when—

13 "(1) the individual is in the service of the Govern-
14 ment of the United States, including service in the
15 armed forces, or the government of the District of
16 Columbia on the date of the issuance of the order grant-
17 ing the increase; or

18 "(2) the individual retired or died during the
19 period beginning on the effective date of the increase
20 and ending on the date of issuance of the order granting
21 the increase, and only for services performed during
22 that period.

23 For the purpose of this subsection, service in the armed
24 forces includes the period provided by statute for the manda-

1 tory restoration of the individual to a position in or under
2 the Government of the United States or the government of
3 the District of Columbia after he is relieved from training
4 and service in the armed forces or discharged from hospitali-
5 zation following that training and service.

6 "(c) For purposes of determining the amount of insur-
7 ance for which an individual is eligible under chapter 87
8 of this title, an increase in the rate of basic pay referred to
9 in subsection (a) of this section is effective on the date
10 of the issuance of the order granting the increase. However,
11 for an employee who dies or retires during the period
12 beginning on the effective date of the increase and ending
13 on the date of the issuance of the order granting the in-
14 crease, the amount of the insurance is determined as if
15 the increase under this section were in effect for the em-
16 ployee during that period.

17 **"§ 5345. Retained rate of pay on reduction in grade**

18 "(a) Under regulations prescribed by the Civil Service
19 Commission, and subject to the limitation in subsection (b)
20 of this section, a prevailing rate employee—

21 "(1) who is reduced in grade from a grade of a
22 wage schedule;

23 "(2) who holds a career or a career-conditional
24 appointment in the competitive service, or an appoint-

1 ment of equivalent tenure in the excepted service or in
2 the government of the District of Columbia;
3 "(3) whose reduction in grade is not (A) caused
4 by a demotion for personal cause, (B) at his request,
5 (C) effected in a reduction in force due to lack of funds
6 or curtailment of work, or (D) with respect to a tem-
7 porary promotion, a condition of the temporary pro-
8 motion to a higher grade;
9 "(4) who, for 2 continuous years immediately be-
10 fore the reduction in grade, served (A) in the same
11 agency, and (B) in a grade or grades higher than the
12 grade to which demoted; and
13 "(5) whose work performance during the 2-year
14 period is satisfactory or better;
15 is entitled to basic pay at the rate to which he was entitled
16 immediately before the reduction in grade (including each
17 increase in rate of basic pay granted pursuant to a wage sur-
18 vey) for a period of 2 years from the effective date of the
19 reduction in grade, so long as he—
20 "(A) continues in the same agency without a break
21 in service of 1 workday or more;
22 "(B) is not entitled to a higher rate of basic pay by
23 operation of this subchapter; and
24 "(C) is not demoted or reassigned (i) for personal

1 cause, (ii) at his request, or (iii) in a reduction in force
2 due to a lack of funds or curtailment of work.
3 "(b) The rate of basic pay to which a prevailing rate
4 employee is entitled under subsection (a) of this section with
5 respect to each reduction in grade to which that subsection
6 applies may not exceed the sum of—
7 "(1) the minimum rate of the grade to which he
8 is reduced under each reduction in grade to which that
9 subsection applies (including each increase in rate of
10 basic pay granted pursuant to a wage survey); and
11 "(2) the difference between his rate immediately
12 before the first reduction in grade to which that sub-
13 section applies (including each increase in rate of basic
14 pay granted pursuant to a wage survey) and the mini-
15 mum rate of that grade which is 3 grades lower than the
16 grade from which he was reduced under the first of the
17 reductions in grade (including each increase in the rate
18 of basic pay granted pursuant to a wage survey).
19 "(c) Under regulations prescribed by the Commission
20 consistent with the provisions of subsections (a) and (b) of
21 this section, an employee who is reduced to a grade of a
22 wage schedule from a position not subject to this subchapter
23 is entitled to a retained rate of basic pay.
24 "(d) The Commission may prescribe regulations gov-
25 erning the retention of the rate of basic pay of an employee

1 who together with his position is brought under this sub-
2 chapter. If an employee so entitled to a retained rate under
3 these regulations is later demoted to a position under this
4 subchapter, his rate of basic pay is determined under sub-
5 sections (a) and (b) of this section. For the purpose of those
6 subsections, service in the position which was brought under
7 this subchapter is deemed service under this subchapter.

8 **"§ 5346. Job grading system**

9 "(a) The Civil Service Commission, after consulting
10 with the agencies and with employee organizations, shall
11 establish and maintain a job grading system for positions to
12 which this subchapter applies. In carrying out this subsec-
13 tion, the Commission shall—

14 "(1) establish and define individual occupations
15 and the boundaries of each occupation;

16 "(2) establish job titles within occupations;

17 "(3) develop and publish job grading standards;
18 and

19 "(4) provide a method to assure consistency in the
20 application of job standards.

21 "(b) The Commission, from time to time, shall review
22 such numbers of positions in each agency as will enable the
23 Commission to determine whether the agency is placing
24 positions in occupations and grades in conformance with or
25 consistently with published job standards. When the Com-

1 mission finds that a position is not placed in its proper occu-
2 pation and grade in conformance with published standards
3 or that a position for which there is no published standards
4 is not placed in the occupation and grade consistently with
5 published standards, it shall, after consultation with appro-
6 priate officials of the agency concerned, place the position in
7 its appropriate occupation and grade and shall certify this
8 action to the agency. The agency shall act in accordance
9 with the certificate, and the certificate is binding on all
10 administrative, certifying, payroll, disbursing, and account-
11 ing officials.

12 "(c) On application, made in accordance with regula-
13 tions prescribed by the Commission, by a prevailing rate
14 employee for the review of the action of an employing
15 agency in placing his position in an occupation and grade
16 for pay purposes, the Commission shall—

17 "(1) ascertain currently the facts as to the duties,
18 responsibilities, and qualification requirements of the
19 position;

20 "(2) decide whether the position has been placed
21 in the proper occupation and grade; and

22 "(3) approve, disapprove, or modify, in accord-
23 ance with its decision, the action of the employing
24 agency in placing the position in an occupation and
25 grade.

1 The Commission shall certify to the agency concerned its
2 action under paragraph (3) of this subsection. The agency
3 shall act in accordance with the certificate, and the certificate
4 is binding on all administrative, certifying, payroll, disburs-
5 ing, and accounting officials.

6 **"§ 5347. Federal Prevailing Rate Advisory Committee**

7 "(a) There is established a Federal Prevailing Rate
8 Advisory Committee composed of—

9 "(1) the Chairman, who shall not hold any other
10 position in the Government of the United States or the
11 government of the District of Columbia, and who shall
12 be appointed by the President for a 4-year term at a
13 rate of pay equivalent to the maximum rate for the
14 General Schedule;

15 "(2) the head, or his designee, of each of the four
16 Executive agencies (other than the Civil Service Com-
17 mission), and military departments designated by the
18 Chairman of the Civil Service Commission from time to
19 time as having the largest number of prevailing rate
20 employees;

21 "(3) an employee of the Civil Service Commission,
22 appointed by the Chairman of the Civil Service Com-
23 mission; and

24 "(4) five representatives, appointed by the Chair-
25 man of the Civil Service Commission, from among the

1 employee organizations representing, under exclusive
2 recognition of the Government of the United States,
3 the largest numbers of prevailing rate employees in the
4 service of the Government of the United States.

5 "(b) In making appointments of representatives of
6 employee organizations under subsection (a) (4) of this
7 section, the Chairman of the Civil Service Commission shall
8 appoint, as nearly as practicable, a number of representa-
9 tives from a particular employee organization in the same
10 proportion as the number of prevailing rate employees repre-
11 sented by such organization is to the total number of prevail-
12 ing rate employees in the Government of the United States
13 and the government of the District of Columbia. However,
14 in any case there shall not be more than two represent-
15 atives from any one employee organization nor more than
16 four representatives from a single council, federation, alli-
17 ance, association or affiliation of employee organizations.

18 "(c) Every second year the Chairman of the Civil
19 Service Commission shall review employee organization
20 representation to determine adequate or proportional repre-
21 sentation under the guidelines of subsection (b) of this
22 section.

23 "(d) The representatives from the employee organiza-
24 tions serve at the pleasure of the Chairman of the Civil
25 Service Commission.

1 "(e) The Committee shall study the prevailing rate
2 system and other matters pertinent to the establishment of
3 prevailing rates under this subchapter and, from time to
4 time, advise the Civil Service Commission thereon. Conclu-
5 sions and recommendations of the Committee shall be formu-
6 lated by majority vote. The Committee shall make an annual
7 report to the Commission and the President for transmittal
8 to Congress, including recommendations and other matters
9 considered appropriate. Any member of the Committee may
10 include in the annual report recommendations and other
11 matters he considers appropriate.

12 "(f) The Committee shall meet at the call of its Chair-
13 man. However, a special meeting shall be called by the
14 Chairman if a majority of the members makes a written
15 request to the Chairman to call a special meeting to con-
16 sider matters within the purview of the Committee.

17 "(g) Members of the Committee (other than em-
18 ployee organization representatives and the Chairman)
19 serve without additional pay. Employee organization mem-
20 bers are not entitled to pay from the Government of the
21 United States for services rendered to the Committee.

22 "(h) The Civil Service Commission shall provide such
23 clerical and professional personnel as the Committee con-
24 siders appropriate and necessary to carry out its functions

1 under this subchapter. Such personnel shall be responsible
2 solely to the Committee.

3 **"§ 5348. Crews of vessels**

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

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

14 (b) The analysis of subchapter IV of chapter 53 of
15 title 5, United States Code, is amended to read as follows:

"SUBCHAPTER IV—PREVAILING RATE SYSTEMS

"5341. Policy.
"5342. Definition; application.
"5343. Prevailing rate determinations; wage schedules.
"5344. Effective date of wage increase; retroactive pay.
"5345. Retained rate of pay on reduction in grade.
"5346. Job grading system.
"5347. Federal Prevailing Rate Advisory Committee.
"5348. Crews of vessels.".

16 SEC. 2. Section 2105 (c) (1) of title 5, United States
17 Code, is amended by inserting "(other than subchapter IV
18 of chapter 53 and section 7154 of this title)" immediately
19 following "laws".

1 SEC. 3. Section 5337 of title 5, United States Code, is
2 amended—
3 (1) by striking out the words "to which this sec-
4 tion applies" wherever they appear in subsection (b)
5 and inserting "to which that subsection applies" in place
6 thereof; and
7 (2) by adding at the end thereof:
8 "(c) Under regulations prescribed by the Civil Service
9 Commission consistent with the provisions of subsections (a)
10 and (b) of this section, an employee who is reduced to a
11 grade of the General Schedule from a position to which this
12 subchapter does not apply is entitled to a retained rate of
13 basic pay.".
14 SEC. 4. Section 5541 (2) (xi) of title 5, United States
15 Code, is amended to read as follows:
16 "(xi) an employee whose pay is fixed and adjusted
17 from time to time in accordance with prevailing rates
18 under subchapter IV of chapter 53 of this title, or by
19 a wage board or similar Administrative authority serving
20 the same purpose, except as provided by section 5544
21 of this title;".
22 SEC. 5. The first sentence of section 5544 (a) of title 5,
23 United States Code, is amended to read as follows: "An
24 employee whose pay is fixed and adjusted from time to time
25 in accordance with prevailing rates under section 5343 of

1 this title, or by a wage board or similar administrative au-
2 thority serving the same purpose, is entitled to overtime pay
3 for overtime work in excess of 8 hours a day or 40 hours
4 a week.".

5 SEC. 6. Section 6101 (a) (1) of title 5, United States
6 Code, is amended by inserting "other than an employee
7 whose pay is fixed and adjusted from time to time in accord-
8 ance with prevailing rates under section 5343 of this title
9 or by a wage board or similar administrative authority
10 serving the same purpose" immediately preceding the period
11 at the end thereof.

12 SEC. 7. (a) Section 6102 of title 5, United States Code,
13 is repealed.

14 (b) The analysis of chapter 61 of title 5, United States
15 Code, is amended by striking out—

16 "6102. Eight-hour day; 40-hour workweek; wage-board employees.".

17 SEC. 8. Section 7154 (b) of title 5, United States Code,
18 is amended by striking out "subchapter III of chapter 53"
19 and inserting "subchapters III and IV of chapter 53" in
20 place thereof.

21 SEC. 9. (a) An employee's initial rate of pay on con-
22 version to a wage schedule established pursuant to the
23 amendments made by this Act shall be determined under
24 conversion rules prescribed by the Civil Service Commission.
25 The amendments made by this Act shall not be construed

1 to decrease the existing rate of basic pay of any present
2 employee subject thereto.
3 (b) The amendments made by this Act shall not be
4 construed to affect agreements presently in effect as a result
5 of negotiations between departments and agencies of the
6 Government of the United States, or subdivisions thereof,
7 and organized employees. It is the intent of this Act that
8 through negotiations between the Commission, the heads
9 of those agencies referred to in clauses (i)-(viii) of section
10 5102(a)(1) of title 5, United States Code, and the or-
11 ganized employees, that, in due time, wherever feasible, all
12 prevailing rate employees be covered by the amendments
13 made by this Act.
14 SEC. 10. (a) Subchapter V of chapter 55 of title 5,
15 United States Code, relating to premium pay, is amended
16 by adding at the end thereof the following new section:
17 **"§ 5550. Pay for Sunday and holiday work; employees of**
18 **nonappropriated fund instrumentalities, Vet-**
19 **erans' Canteen Service**
20 "An employee of the Veterans' Canteen Service, Vet-
21 erans' Administration, or an employee paid from nonap-
22 propriated funds of the Army and Air Force Exchange
23 Service, Army and Air Force Motion Picture Service, Navy
24 Ship's Stores Ashore, Navy exchanges, Marine Corps ex-
25 changes, Coast Guard exchanges, or other instrumentalities

1 of the United States under the jurisdiction of the armed
2 forces conducted for the comfort, pleasure, contentment, and
3 mental and physical improvement of personnel of the armed
4 forces—

5 "(1) whose regular work schedule includes an 8-
6 hour period of service, a part of which is on Sunday, is
7 entitled to additional pay at the rate of 25 percent of
8 his hourly rate of basic pay for each hour of work per-
9 formed during that 8-hour period of service; or

10 "(2) who performs work on a holiday designated
11 by Federal statute or Executive order, is entitled to pay
12 at the rate of his basic pay, plus premium pay at a rate
13 equal to the rate of his basic pay, for that holiday work
14 which is not in excess of 8 hours or overtime work for
15 such employee.".

16 (b) The table of sections of subchapter V of chapter 55
17 of title 5, United States Code, is amended by adding at the
18 end thereof—

"§ 5550. Pay for Sunday and holiday work; employees of nonappropriated fund instrumentalities, Veterans' Canteen Service.".

19 SEC. 11. The provisions of sections 1–10 of this Act
20 are effective on the first day of the first pay period which
21 begins on or after ninety days after the date of enactment of
22 this Act except that, in the case of those employees referred
23 to in section 5342 (a) (2) (C) and (D) of title 5, United

1 States Code (as amended by the first section of this Act),
2 such provisions are effective on the first day of the first
3 pay period which begins on or after one hundred and
4 eighty days after such date of enactment or on such earlier
5 date (not earlier than ninety days after such date of enact-
6 ment) as the Civil Service Commission may prescribe.

92D CONGRESS
1ST SESSION

S. 1288

IN THE SENATE OF THE UNITED STATES

MARCH 19, 1971

Mr. STEVENS (for himself and Mr. GRAVEL) introduced the following bill; which was read twice and referred to the Committee on Post Office and Civil Service

A BILL

To provide an equitable system for fixing and adjusting the rates of pay for prevailing rate employees of the Government, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That (a) subchapter IV of chapter 53 of title 5, United
4 States Code, is amended to read as follows:
5 "SUBCHAPTER IX—PREVAILING RATE SYSTEMS
6 **"§ 5341. Policy**
7 "It is the policy of Congress that rates of pay of prevail-
8 ing rate employees be uniformly fixed and adjusted and be
9 based on principles that—
10 "(1) there will be equal pay for substantially equal

1 work for all employees who are working under similar
2 conditions of employment in all agencies within the
3 same wage area;
4 "(2) there will be relative differences in pay within
5 a wage area when there are substantial or recognizable
6 differences in duties, responsibilities, and qualification
7 requirements among positions;
8 "(3) the level of rates of pay will be maintained
9 in line with prevailing levels of comparable work within
10 a wage area;
11 "(4) the level of rates of pay will be maintained
12 so as to attract and retain qualified employees; and
13 "(5) Federal agencies and instrumentalities enter-
14 ing into contracts with private enterprises for the pro-
15 curement of goods and services will incorporate the
16 requirement that the private enterprise shall furnish to
17 the Federal authorities all data on rates of private pay
18 requested to accomplish the purposes of this Act.
19 **"§ 5342. Definitions; application**
20 "(a) For the purpose of this subchapter—
21 "(1) 'agency' has the meaning given it by section
22 5102 of this title;
23 "(2) 'prevailing rate employee' means—
24 "(A) an individual employed in or under an
25 agency in a recognized trade or craft, or other skilled

1 mechanical craft, or in an unskilled, semiskilled, or
2 skilled manual labor occuaption, and any other in-
3 skilled manual labor occupation, and any other in-
4 a position having trade, craft, or laboring expe-
5 rience or knowledge as the paramount requirement;
6 "(B) an employee in the Bureau of Engrav-
7 ing and Printing whose duties are to perform or
8 direct manual or machine operations requiring
9 special skill or experience, or to perform or direct
10 the counting, examining, sorting, or other verifica-
11 tion of the product or manual or machine operations;
12 "(C) an employee of a nonappropriated fund
13 instrumentality described by section 2105(c) of
14 this title who is employed in a recognized trade or
15 craft, or other skilled mechanical craft, or in an
16 unskilled, semiskilled, or skilled manual labor oc-
17 cupation, and an other individual, including a fore-
18 man and a supervisor, in a position having trade,
19 craft, or laboring experience and knowledge as the
20 paramount requirement; and
21 "(D) an employee of the Veterans' Canteen
22 Service, Veterans' Administration, excepted from
23 chapter 51 of this title by section 5102(c)(14) of
24 this title who is employed in a recognized trade or
25 craft, or other skilled mechanical craft, or in an

1 unskilled, semiskilled, or skilled manual labor oc-
2 cupation, and any other individual, including a
3 foreman and a supervisor, in a position having
4 trade, craft, or labor experience and knowledge as
5 the paramount requirement; and

6 "(3) 'position' means the work, consisting of duties
7 and responsibilities, assignable to a prevailing rate
8 employee.

9 "(b) This subchapter applies to all prevailing rate em-
10 ployees and positions in or under an agency. All such em-
11 ployees employed within the United States shall be bona
12 fide residents of the United States, unless the Secretary of
13 Labor certifies that no bona fide resident of the United
14 States is available to fill the particular position. This sub-
15 chapter does not apply to employees and positions described
16 by section 5102(c) of this title other than by paragraphs
17 (7), (8), and (14) of that section.

18 **"§ 5343. Prevailing rate determinations; wage schedules**

19 "(a) The pay of prevailing rate employees shall be
20 fixed and adjusted from time to time as nearly as is con-
21 sistent with the public interest in accordance with prevail-
22 ing rates. Subject to section 213(f) of title 29, the rates
23 may not be less than the appropriate rates provided by sec-
24 tion 206(a)(1) of title 29. To carry out this subsection—

25 "(1) the Civil Service Commission shall define the

1 boundaries of individual local wage areas and designate
2 a lead agency for each local wage area;
3 "(2) a lead agency, on order of the Commission,
4 shall conduct a wage survey within the local wage area,
5 collect and analyze wage survey data, and develop and
6 establish wage schedules; and
7 "(3) the head of each agency having prevailing
8 rate employees in a local wage area shall fix and ad-
9 just the rates of such employees in that area in accord-
10 ance with the wage schedules established by the lead
11 agency in that area.
12 "(b) The Commission shall order full-scale wage sur-
13 veys every second year with interim surveys in alternating
14 years. The Commission may order more frequent surveys
15 when conditions so suggest.
16 "(c) The Commission, by regulation, shall prescribe
17 practices and procedures for conducting wage surveys, an-
18 alyzing wage survey data, and developing and establishing
19 wage schedules. The regulations shall provide—
20 "(1) that wages surveyed be those paid by private
21 employers in the local wage area for similar work per-
22 formed by regular full-time employees;
23 "(2) the procedures to be employed, administra-
24 tively or legally, to assure the compliance of private em-
25 ployers having contracts with the Federal Government

1 or its instrumentalities with the provisions of section
2 5341, paragraph (5) of this Act, regarding the furnish-
3 ing of data on rates of private pay requested by Federal
4 authorities engaged in the local wage survey;
5 "(3) that the surveys cover a cross-representation
6 of the industries to which regular schedule prevailing
7 rate employees subject to this Act are oriented;
8 "(4) that the size of the private establishments in-
9 corporated in the survey have at least three hundred
10 employees;
11 "(5) for participation at all levels by representa-
12 tives of labor organizations in every phase of providing
13 an equitable system for fixing and adjusting the rates
14 of pay for prevailing rate employees, including the plan-
15 ning of the surveys, the drafting of specifications, the
16 selection of data collectors, the collection and the analysis
17 of the data, and the submission of recommendations to
18 the head of the lead agency for wage schedules and for
19 special wage schedules where appropriate;
20 "(6) for requirements for the accomplishment of
21 wage surveys and for the development of wage sched-
22 ules;
23 "(7) (A) that a lead agency, in making a wage
24 survey, shall determine whether there exists in the local
25 wage area a sufficient number of comparable positions in

1 private industry to establish wage schedules for the prin-
2 cipal types of positions for which the survey is made, and
3 that the determination shall be in writing and shall take
4 into consideration all relevant evidence, including evi-
5 dence submitted by labor organizations recognized as
6 representatives of employees in that area; and
7 "(B) that, when it is determined that there is an
8 insufficient number of comparable positions in private
9 industry to establish the wage schedule, the lead agency
10 shall establish the wage schedules on the basis of local
11 private industry rates and rates paid for comparable posi-
12 tions in private industry in the nearest wage area that it
13 determines to be most similar in the nature of its popula-
14 tion, employment, manpower, and industry to the wage
15 area for which the wage survey is being made;
16 "(8) (A) that there shall be established a basic
17 wage rate schedule including supervisory rates, which
18 shall be divided into as many grades of difficulty and
19 responsibility as the Commission shall determine. Such
20 schedule shall be uniform in application in all agencies.
21 "(B) Each grade shall be divided into ten wage
22 rates, each successive rate exceeding the preceding rate
23 by a uniform percentage of not less than 3⅓ per centum.
24 "(C) For each employee compensated in accord-
25 ance with the rate determination system established by

1 this subchapter, the minimum waiting periods for ad-
2 vancement to the following rates in all grades are—
3 "(i) Rate 2—Twenty-six calendar weeks of
4 creditable service;
5 "(ii) Rates 3 and 4—Fifty-two calendar weeks
6 of creditable service;
7 "(iii) Rates 5, 6, and 7—One hundred and
8 four calendar weeks of creditable service;
9 "(iv) Rates 8, 9, and 10—One hundred and
10 fifty-six calendar weeks of creditable service:
11 *Provided*, That the employee has a current performance
12 rating of 'satisfactory' or better.
13 "(D) Any employee who is promoted or trans-
14 ferred to a position in a higher grade shall receive basic
15 compensation at the lowest rate of such higher grade
16 which exceeds his existing rate of basic compensation by
17 not less than two step increases of the grade from which
18 he is promoted or transferred;
19 "(E) that the benefit of successive step increases is
20 preserved for employees whose continuous service is
21 interrupted in the public interest by service with the
22 armed forces or by service in essential non-Government
23 civilian employment during a period of war or national
24 emergency;
25 "(9) for special rates and schedules including, but

1 not limited to, supervisory schedules and industry ori-
2 ented schedules, as appropriate: *Provided,* That any
3 enterprise surveyed have at least three hundred em-
4 ployees;

5 "(10) for equal rates of pay for the same work in
6 the same local wage area;

7 "(11) (A) for pay distinctions in keeping with
8 work distinctions, with proper differentials as determined
9 by the Commission for duty involving hazards, physical
10 hardships, or working conditions of an unusual nature;

11 "(B) for a 7½ per centum differential for regularly
12 scheduled nonovertime work a majority of the hours
13 of which occur between 3 o'clock postmeridian, and mid-
14 night; and

15 "(C) for a 10 per centum differential for regularly
16 scheduled nonovertime work a majority of the hours
17 of which occur between 11 o'clock postmeridian and
18 8 o'clock antemeridian;

19 "(12) rules governing the administration of pay
20 for individual employees on appointment, transfer, pro-
21 motion, demotion (including retention of pay rates as
22 appropriate), and other similar changes in employment
23 status;

24 "(13) for a continuing program of systems mainte-

1 nance and improvement designed to keep the prevailing
2 rate system fully abreast of changing conditions, prac-
3 tices, and techniques both in and out of the Government
4 of the United States;

5 "(14) for training sessions at all levels to orient
6 employees participating in the provisions of this Act;

7 "(15) for the appeal of decisions of the lead agency
8 by a labor organization representative on an Agency
9 Committee to the Federal Prevailing Rate Advisory
10 Committee which shall render a binding judgment with-
11 in fifteen calendar days;

12 "(16) that any employee subject to the provisions
13 of this Act shall have the right, notwithstanding any
14 other provision of law or of this Act, to appeal the
15 grade, category, title or class assigned to his position by
16 his employing agency, including nonappropriated fund
17 instrumentalities, with the right to appeal at any time
18 to the Civil Service Commission. Such employee shall
19 also have the right to notify his agency wage commit-
20 tee and the Federal Prevailing Rate Advisory Com-
21 mittee of any appeal he may make and to inspect any
22 official evaluation of his efficiency, performance, posi-
23 tion and duties assigned to his position; and shall sign
24 a statement as to which records have been disclosed to
25 him, without the signing of such statement being con-

1 strued that the employee is in agreement with the
2 records;
3 "(17) that the normal workweek shall consist of
4 five consecutive eight hour work days with two full con-
5 secutive days off duty;
6 "(18) that, notwithstanding other provisions of
7 law and of this Act, administrative, clerical, and pro-
8 fessional employees of all nonappropriated fund instru-
9 mentalities, including those described in section 2105 (c)
10 and section 5102 (c) (14) of this title, shall have their
11 pay established at rates identical with the pay of Federal
12 employees performing similar services under the Classi-
13 fied Civil Service.
14 **"§ 5344. Effective date of wage increase; retroactive pay**
15 "(a) Each increase in rates of basic pay granted, pur-
16 suant to a wage survey, to prevailing rate employees is ef-
17 fective not later than the first day of the first pay period
18 which begins on or after the forty-fifth day, excluding
19 Saturdays and Sundays, following the date the wage survey
20 is ordered to be made.
21 "(b) Retroactive pay is payable by reason of an in-
22 crease in rates of basic pay referred to in subsection (a)
23 of this section only when—
24 "(1) the individual is in the service of the Govern-

1 ment of the United States, including service of the
2 Armed Forces, or the government of the District of
3 Columbia on the date of the issuance of the order
4 granting the increase; or
5 "(2) the individual retired or died during the pe-
6 riod beginning on the effective date of the increase and
7 ending on the date of issuance of the order granting the
8 increase, and only for services performed during that
9 period.
10 For the purpose of this subsection, service in the Armed
11 Forces includes the period provided by statute for the man-
12 datory restoration of the individual to a position in or under
13 the Government of the United States or the government of
14 the District of Columbia after he is relieved from training
15 and service in the Armed Forces or discharged from hospital-
16 ization following that training and service.
17 "(c) For purposes of determining the amount of in-
18 surance for which an individual is eligible under chapter 87
19 of this title, an increase in the rate of basic pay referred to
20 in subsection (a) of this section is effective on the date of
21 the issuance of the order granting the increase. However, for
22 an employee who dies or retires during the period beginning
23 on the effective date of the increase and ending on the date
24 of the issuance of the order granting the increase, the amount

1 of the insurance is determined as if the increase under this
2 section were in effect for the employee during that period.
3 **"§ 5345. Retained rate of pay on reduction in grade**
4 "(a) Under regulations prescribed by the Civil Service
5 Commission, and subject to limitation in subsection (b) of
6 this section, a prevailing rate employee—
7 "(1) who is changed to a lower grade or reassigned
8 to a wage schedule position having an established maxi-
9 mum rate of pay which is less than the employee's exist-
10 ing schedule of pay;
11 "(2) who holds a career or a career-conditional ap-
12 pointment in the competitive service, or an appointment
13 of equivalent tenure in the excepted service or in the
14 government of the District of Columbia;
15 "(3) whose reduction in grade is not (A) caused
16 by demotion for personal cause, (B) at his request, (C)
17 effected in a reduction in force due to lack of funds or
18 curtailment of work, or (D) with respect to a temporary
19 promotion, a condition of the temporary promotion to
20 a higher grade;
21 "(4) who, for two continuous years immediately
22 before the reduction in grade, served (A) in the same
23 agency, and (B) in a grade or grades higher than the
24 grade to which demoted; and

1 "(5) whose work performance during the two-year
2 period is satisfactory or better;
3 is entitled to basic pay at the rate to which he was entitled
4 immediately before the reduction in grade (including each
5 increase in rate of basic pay granted pursuant to a wage
6 survey) for a period of two years from the effective date of
7 the reduction in grade, so long as he—
8 "(A) continues in the same agency without a break
9 in service of one workday or more;
10 "(B) is not entitled to a higher rate of basic pay by
11 operation of this subchapter; and
12 "(C) is not demoted or reassigned (i) for personal
13 cause, (ii) at his request, or (iii) in a reduction in force
14 due to lack of funds or curtailment of work.
15 "(b) Each employee meeting the basic eligibility re-
16 quirements for pay retention is entitled to retain for the
17 prescribed period the full amount of his existing schedule
18 rate, subject to the limitations in subsection (a), above.
19 "(c) When, during a two-year pay retention period, an
20 employee is further changed to a lower grade or reassigned
21 under conditions entitling him to pay retention he continues
22 for the remainder of the two-year period to receive the same
23 retained rate. At the expiration of the original two-year pe-
24 riod the employee is entitled to a retained rate on the basis of
25 the subsequent change under the same provisions as set forth

1 in subsections (a) and (b) above, the new two-year period
2 of eligibility beginning with the date of the subsequent
3 change to a lower grade or reassignment.

4 "(d) Under regulations prescribed by the Commission
5 consistent with the provisions of subsections (a), (b), and
6 (c) of this section, an employee who is reduced to a grade
7 of a wage schedule from a position not subject to this sub-
8 chapter is entitled to a retained rate of basic pay.

9 "(e) The Commission may prescribe regulations gov-
10 erning the retention of the rate of basic pay of an employee
11 who together with his position is brought under this sub-
12 chapter. If an employee so entitled to a retained rate
13 under these regulations is later demoted to a position under
14 this subchapter, his rate of basic pay is determined under
15 subsections (a), (b), and (c) of this section. For the pur-
16 pose of those subsections, service in the position which was
17 brought under this subchapter is deemed service under this
18 chapter.

19 **"§ 5346. Job grading system**

20 "(a) The Civil Service Commission, after consulting
21 with the agencies and with labor organizations, shall estab-
22 lish and maintain a job grading system for positions to which
23 this subchapter applies. In carrying out this subsection, the
24 Commission shall—

1 "(1) establish and define individual occupations
2 and the boundaries of each occupation;
3 "(2) establish job titles within occupations;
4 "(3) develop and publish job grading standards;
5 and
6 "(4) provide a method to assure consistency in
7 the application of job standards.
8 "(b) The Commission, from time to time, shall review
9 such numbers of positions in each agency as will enable
10 the Commission to determine whether the agency is plac-
11 ing positions in occupations and grades in conformance with
12 or consistently with published job standards. When the Com-
13 mission finds that a position is not placed in its proper
14 occupation and grade in conformance with published stand-
15 ards or that a position for which there is no published
16 standards is not placed in the occupation and grade con-
17 sistently with published standards, or shall, after consulta-
18 tion with appropriate officials of the agency concerned,
19 place the position in its appropriate occupation and grade
20 and shall certify this action to the agency. The agency
21 shall act in accordance with the certificate, and the certifi-
22 cate is binding on all administrative, certifying, payroll,
23 disbursing, and accounting officials.
24 "(c) On application, made in accordance with regula-
25 tions prescribed by the Commission, by a prevailing rate

1 employee for the review of the action of an employing
2 agency in placing his position in an occupation and grade for
3 pay purposes, the Commission shall—
4 "(1) ascertain currently the facts as to the duties,
5 responsibilities, and qualification requirements of the
6 position;
7 "(2) decide whether the position has been placed in
8 the proper occupation and grade; and
9 "(3) approve, disapprove, or modify, in accordance
10 with its decision, the action of the employing agency in
11 placing the position in an occupation and grade.
12 The Commission shall certify to the agency concerned its
13 action under paragraph (3) of this subsection. The agency
14 shall act in accordance with the certificate, and the certificate
15 is binding on all administrative, certifying, payroll, disburs-
16 ing, and accounting officials.
17 **"§ 5347. Federal Prevailing Rate Advisory Committee**
18 "(a) There is established a Federal Prevailing Rate
19 Advisory Committee composed of—
20 "(1) the Chairman, who shall not hold any other
21 position in the Government of the United States or the
22 government of the District of Columbia, and who shall
23 be appointed by the President for a four-year term at
24 a rate of pay equivalent to the maximum rate for the
25 General Schedule; in making his appointment, the Presi-

1 dent shall consider nominations submitted by labor or-
2 ganizations entitled to representation on the Federal
3 Prevailing Rate Advisory Committee;
4 "(2) the head, or his designee, of each of the four
5 executive agencies (other than the Civil Service Com-
6 mission), and military departments designated by the
7 Chairman of the Civil Service Commission from time to
8 time as having the largest number of prevailing rate
9 employees;
10 "(3) an employee of the Civil Service Commission,
11 appointed by the Chairman of the Civil Service Com-
12 mission; and
13 "(4) five representatives, appointed by the Chair-
14 man of the Civil Service Commission, from among labor
15 organizations representing the largest number of prevail-
16 ing rate employees under exclusive recognition in the
17 service of the Government of the United States and its
18 instrumentalities and the government of the District of
19 Columbia.
20 "(b) In making appointments of representatives of
21 labor organizations under subsection (a) (4) of this section,
22 the Chairman of the Civil Service Commission shall appoint,
23 as nearly as practicable, a number of representatives from a
24 particular labor organization in the same proportion as the
25 number of prevailing rate employees represented by such

1 organization is to the total number of prevailing rate em-
2 ployees in the Government of the United States and its
3 instrumentalities and the government of the District of Co-
4 lumbia. However, in any case there shall not be more than
5 two representatives from any one labor organization nor
6 more than four representatives from a single council, federa-
7 tion, alliance, association, or affiliation of labor organizations.
8 "(c) Every second year the Chairman of the Civil
9 Service Commission shall review labor organization repre-
10 sentation to determine adequate or proportional representa-
11 tion under the guidelines of subsection (b) of this section.
12 "(d) The Committee shall study the prevailing rate
13 system and other matters pertinent to the establishment of
14 prevailing rates under this subchapter and, from time to
15 time, advise the Civil Service Commission thereon. Conclu-
16 sions and recommendations of the Committee shall be formu-
17 lated by majority vote. The Committee shall make an annual
18 report to the Commission and the President for transmittal
19 to Congress, including recommendations and other matters
20 considered appropriate. Any member of the Committee may
21 include in the annual report recommendations and other
22 matters he considers appropriate.
23 "(e) The Committee shall meet at the call of the Chair-
24 man. However, a special meeting shall be called by the
25 Chairman if three members make a written request to the

1 Chairman to call a special meeting to consider matters
2 within the purview of the Committee.
3 "(f) Members of the Committee (other than labor
4 organization representatives and the Chairman) serve with-
5 out additional pay. Labor organization members are not
6 entitled to pay from the Government of the United States
7 for services rendered to the Committee.
8 "(g) The Civil Service Commission shall provide such
9 clerical and professional personnel as the Committee con-
10 siders appropriate and necessary to carry out its functions
11 under this subchapter. Such personnel shall be responsible
12 solely to the Committee.
13 **"§ 5348. Crews of vessels**
14 "(a) Except as provided by subsection (b) of this
15 section, the pay of officers and members of crews of vessels
16 excepted from chapter 51 of this title by section 5102 (c)
17 (8) of this title shall be fixed and adjusted from time to
18 time as nearly as is consistent with the public interest in
19 accordance with prevailing rates and practices in the mari-
20 time industry.
21 "(b) Vessel employees of the Panama Canal Company
22 may be paid in accordance with the wage practices of the
23 maritime industry.".
24 (b) The analysis of subchapter IV of chapter 53 of
25 title 5, United States Code, is amended to read as follows:

"SUBCHAPTER IV—PREVAILING RATE SYSTEM

"5341. Policy.
"5342. Definitions; application.
"5343. Prevailing rate determinations; wage schedules.
"5344. Effective date of wage increase; retroactive pay.
"5345. Retained rate of pay on reduction in grade.
"5346. Job grading system.
"5347. Federal Prevailing Rate Advisory Committee.
"5348. Crews of vessels.".

1 SEC. 2. Section 2105 (c) (1) of title 5, United States
2 Code, is amended by inserting "(other than subchapter
3 IV of chapter 53 and section 7154 of this title)" imme-
4 diately following "laws".

5 SEC. 3. Section 5337 of title 5, United States Code,
6 is amended—

7 (1) by striking out the words "to which this sec-
8 tion applies" wherever they appear in subsection (b)
9 and inserting "to which that subsection applies" in place
10 thereof; and

11 (2) by adding at the end thereof:

12 "(c) Under regulations prescribed by the Civil Service
13 Commission consistent with the provisions of subsections (a)
14 and (b) of this section, an employee who is reduced to a
15 grade of the General Schedule from a position to which this
16 subchapter does not apply is entitled to a retained rate of
17 basic pay.".

18 SEC. 4. Section 5541 (2) (xi) of title 5, United States
19 Code, is amended to read as follows:

20 "(xi) an employee whose pay is fixed and adjusted

1 from time to time in accordance with prevailing rates
2 under subchapter IV of chapter 53 of this title, or by
3 a wage board or similar administrative authority serving
4 the same purpose, except as provided by section 5544 of
5 this title;".

6 SEC. 5. The first sentence of section 5544 (a) of title 5,
7 United States Code, is amended to read as follows:

8 "An employee whose pay is fixed and adjusted from
9 time to time in accordance with prevailing rates under sec-
10 tion 5343 of this title, or by a wage board or similar admin-
11 istrative authority serving the same purpose, is entitled to
12 overtime pay for overtime work in excess of eight hours a
13 day or forty hours a week.".

14 SEC. 6. Section 6101 (a) (1) of title 5, United States
15 Code, is amended by inserting "other than an employee
16 whose pay is fixed and adjusted from time to time in ac-
17 cordance with prevailing rates under section 5343 of this
18 title or by a wage board or similar administrative authority
19 serving the same purpose" immediately preceding the period
20 at the end thereof.

21 SEC. 7. (a) Section 6102 of title 5, United States Code,
22 is repealed.

23 (b) The analysis of chapter 61 of title 5, United States
24 Code, is amended by striking out—

"6102. Eight-hour day; forty-hour workweek; wage board employees.".

1 SEC. 8. Section 7154 (b) of title 5, United States Code,
2 is amended by striking out "subchapter III of chapter 53"
3 and inserting "subchapters III and IV of chapter 53" in
4 place thereof.

5 SEC. 9. (a) An employee's initial rate of pay on conver-
6 sion to a wage schedule established pursuant to the amend-
7 ments made by this Act shall be determined under con-
8 version rules prescribed by the Civil Service Commission.
9 The amendments made by this Act shall not be construed
10 to decrease the existing rate of basic pay of any present
11 employee subject thereto.

12 (b) The amendments made by this Act shall not be
13 construed to affect agreements at present in effect as a
14 result of negotiations between departments and agencies of
15 the Government of the United States, or subdivisions thereof,
16 and organized employees. It is the intent of this Act that
17 through negotiations between the Commission, the heads
18 of those agencies referred to in clauses (i) through (viii)
19 of section 5102 (a) (1) of title 5, United States Code, and
20 the organized employees, that, in due time, wherever feas-
21 ible, all prevailing rate employees be covered by the amend-
22 ments made by this Act.

23 SEC. 10. The provisions of sections 1 through 9 of
24 this Act are effective on the first day of the first pay period
25 which begins on or after ninety days after the date of enact-
26 ment of this Act except that, in the case of those employees

1 referred to in section 5342 (a) (2) (C) and (D) of title 5,
2 United States Code (as amended by the first section of this
3 Act), such provisions are effective on the first day of the
4 first pay period which begins on or after one hundred and
5 eighty days after such date of enactment or on such earlier
6 date (not earlier than ninety days after such date of enact-
7 ment) as the Civil Service Commission may prescribe.

92D CONGRESS
1ST SESSION

S. 1636

IN THE SENATE OF THE UNITED STATES

APRIL 22, 1971

Mr. MCGEE (by request) introduced the following bill; which was read twice and referred to the Committee on Post Office and Civil Service

A BILL

To establish a Federal Wage System for fixing and adjusting the pay of certain employees of the Government.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Federal Wage System
4 Act of 1971."
5 SEC. 2. (a) Subchapter IV of chapter 53 of title 5,
6 United States Code, is amended to read as follows:
7 "SUBCHAPTER IV—FEDERAL WAGE SYSTEM
8 **"§ 5341. Policy**
9 "It is the policy of Congress that the pay of employees
10 under the Federal Wage System shall be fixed and adjusted
11 from time to time as nearly as is consistent with the public

1 interest in accordance with prevailing rates. Subject to sec-
2 tion 213 (f) of title 29, the rates may not be less than the
3 appropriate rates provided for by section 206 (a) (1) of
4 title 29.

5 **"§ 5342. Definitions**

6 "(a) For the purpose of this subchapter—

7 "(1) 'agency' has the meaning given it by section
8 5102 of this title; however, subject to section 5343 (b)
9 of this title an agency referred to in section 5102 (a) (i)-
10 (viii) of this title may become an 'agency' for the pur-
11 pose of this subchapter; and

12 "(2) 'employee under the Federal Wage System'
13 means—

14 "(A) an individual employed in or under an
15 agency in a recognized trade or craft, or other skilled
16 mechanical craft or in an unskilled, semiskilled, or
17 skilled manual labor occupation, and any other indi-
18 vidual, including a foreman and a supervisor, in a
19 position having trade, craft, or laboring experience
20 and knowledge as the paramount requirement; or

21 "(B) an employee in the Bureau of Engraving
22 and Printing whose duties are to perform or direct
23 manual or machine operations requiring special skill
24 or experience, or to perform or direct the counting,

1 examining, sorting, or other verification of the prod-
2 uct of manual or machine operations;
3 "(b) This subchapter applies to all employees under
4 the Federal Wage System in or under an agency. This
5 subchapter does not apply to employees and positions de-
6 scribed by section 5102(c) of this title other than by
7 paragraphs (7) and (8) of that section.
8 **"§ 5343. Administration**
9 "(a) In order to carry out the policy stated in section
10 5341 of this title, the President shall direct an agent as he
11 considers appropriate, subject to rules as the President may
12 prescribe—
13 "(1) to fix and adjust the pay of employees under
14 the Federal Wage System in accordance with the prin-
15 ciples stated in section 5341 of this title, after compar-
16 ing the pay of those employees with the prevailing rates
17 for the same levels of work as determined on the basis
18 of appropriate surveys that shall be conducted by the
19 Bureau of Labor Statistics;
20 "(2) (A) to determine, in each survey, whether
21 there exists in the wage area a sufficient number of
22 comparable positions in private industry to establish
23 wage schedules for the principal types of positions for
24 which the survey is made, and to record the determina-

1 tion in writing after taking into consideration all rele-
2 vant evidence including evidence submitted by labor or-
3 ganizations recognized as representative of employees in
4 the area; and
5 "(B) when it is determined that there is an insuffi-
6 cient number of comparable positions in private in-
7 dustry in the wage area, to establish the wage schedules
8 for the wage area on the basis of local private industry
9 rates and rates paid for comparable positions in private
10 industry in the nearest wage area that is determined to
11 be most similar in the nature of its population, employ-
12 ment, manpower, and industry to the wage area for
13 which the wage survey is being made; and
14 "(3) to establish wage structures and pay prac-
15 tices, govern classification of positions under the system,
16 determine wage survey coverage, and administer the
17 Federal Wage System.
18 "(b) The agent of the President shall negotiate with
19 the head of each agency referred to in section 5102 (a) (i)–
20 (viii) of this title and with such labor organizations as he
21 considers appropriate, for the purpose of bringing the wage-
22 system type employees of each of those agencies under the
23 Federal Wage System established under this subchapter.
24 When the negotiations under this section result in an agree-
25 ment to cover employees under this subchapter, an agency

1 referred to in section 5102 (a) (i) - (viii) of this title be-
2 comes an 'agency' as defined in section 5342 (a) (1) of this
3 title.

4 "(c) The agent of the President may delegate the au-
5 thorities vested in him by the President under this section
6 to the head of an agency.

7 "(d) The agent of the President may prescribe regula-
8 tions necessary for the administration of the Federal Wage
9 System. The regulations shall provide opportunity for
10 agency management and labor organization involvement in
11 operations under this section.

12 **"§ 5344. Effective date of pay increase**

13 "An increase in pay granted, pursuant to a wage sur-
14 vey, to employees whose pay is fixed and adjusted under
15 section 5343 of this title is effective not later than the first
16 day of the first pay period which begins after the nine-
17 teenth day, excluding Saturdays and Sundays, following
18 the date on which the agent of the President or the head
19 of an agency designated under section 5343 of this title
20 received the data collected in the appropriate survey by the
21 Bureau of Labor Statistics.

22 **"§ 5345. Retroactive pay**

23 "(a) Retroactive pay is payable by reason of an in-

1 crease in pay referred to in section 5344 of this title only
2 when—
3 "(1) the individual is in the service of the United
4 States, including service in the armed forces, or the
5 government of the District of Columbia on the date of
6 the issuance of the order granting the increase; or
7 "(2) the individual retired or died during the
8 period beginning on the effective date of the increase
9 and ending on the date of issuance of the order grant-
10 ing the increase, and only for services performed dur-
11 ing that period.
12 "(b) For the purpose of this section, service in the
13 armed forces includes the period provided by statute for
14 the mandatory restoration of the individual to a position in
15 or under the Government of the United States or the gov-
16 ernment of the District of Columbia after he is relieved from
17 training and service in the armed forces or discharged from
18 hospitalization following that training and service.
19 **"§ 5346. Federal Wage System Advisory Council**
20 "In carrying out his functions under section 5343 of
21 this title, the agent of the President shall—
22 "(1) designate five representatives of agencies and
23 five representatives of labor organizations, which em-
24 ploy or represent substantial numbers of employees under
25 the Federal Wage System, as members of a Federal

1 Wage System Advisory Council. Representatives of
2 labor organizations are not employees of the Govern-
3 ment of the United States and shall not receive pay from
4 the Government by reason of their designation as mem-
5 bers of, or service on, the Federal Wage System Ad-
6 visory Council;

7 "(2) meet with the Federal Wage System Ad-
8 visory Council or designate his representative to meet
9 with the Council to discuss and consider the views,
10 recommendations and advice of each member of the
11 Council on existing and proposed policies applicable to
12 employees under the Federal Wage System. The agent
13 of the President or his designated representative, as the
14 spokesman for the executive branch, will chair meet-
15 ings with the Council and will give due consideration to
16 the views and recommendations of the members in the
17 discharge of his responsibilities; and

18 "(3) make an annual report to the President on
19 the operation of the Federal Wage System. A member
20 of the Federal Wage System Advisory Council may
21 submit written views on the operation of the Federal
22 Wage System and any written views will be included
23 with the annual report to the President.

24 **"§ 5347. Crews of vessels**

25 "(a) Except as provided by subsections (b) and (c)

1 of this section, under regulations prescribed by the agent
2 of the President designated under section 5343 of this title
3 the pay of officers and members of crews of vessels excepted
4 from chapter 51 of this title by section 5102 (c) (8) of this
5 title shall be fixed and adjusted from time to time as nearly
6 as is consistent with the public interest in accordance with
7 prevailing rates and practices in the maritime industry.

8 "(b) Vessel employees of the Panama Canal Company
9 may be paid in accordance with the wage practices of the
10 maritime industry.

11 "(c) Vessel employees in an area where inadequate
12 maritime industry practice exists may be paid under section
13 5343 of this title."

14 (b) The analysis of subchapter IV of chapter 53 of title
15 5, United States Code, is amended to read as follows:

"SUBCHAPTER IV—FEDERAL WAGE SYSTEM

"Sec.
"5341. Policy.
"5342. Definitions.
"5343. Administration.
"5344. Effective date of pay increase.
"5345. Retroactive pay.
"5346. Federal Wage System Advisory Council.
"5347. Crews of vessels.".

16 SEC. 3. (a) The initial rate of pay of an employee on
17 conversion to a wage schedule established pursuant to the
18 amendments made by this Act shall be determined under
19 conversion regulations prescribed by the agent of the Pres-
20 ident. The amendments made by this Act shall not be con-

1 strued to decrease the existing rate of pay of any present
2 employee subject thereto.

3 (b) If an employee is receiving a retained rate of pay
4 by virtue of law or agency policy immediately before the
5 date the first wage schedule applicable to him under this
6 Act is effective, he shall continue to retain that rate in
7 accordance with the specific regulations under which the
8 retained rate of pay was granted.

9 (c) The amendments made by this Act do not affect
10 agreements at present in effect as a result of negotiations
11 between departments and agencies of the Government of
12 the United States, or subdivisions thereof, and labor
13 organizations.

14 SEC. 4. Section 5541 (2) (xi) of title 5, United States
15 Code, is amended to read as follows:

16 "(xi) an employee whose pay is fixed and ad-
17 justed from time to time in accordance with prevailing
18 rates under subchapter IV of chapter 53 of this title,
19 or by a wage board or similar administrative authority
20 serving the same purpose, except as provided by sec-
21 tion 5544 of this title;".

22 SEC. 5. The first sentence of section 5544 (a) of title 5,
23 United States Code, is amended to read as follows: "An
24 employee whose pay is fixed and adjusted under section

1 5343 of this title, or by a wage board or similar adminis-
2 trative authority serving the same purpose, is entitled to
3 overtime pay for overtime work in excess of eight hours a
4 day or forty hours a week."

5 SEC. 6. Section 7154 (b) of title 5, United States Code,
6 is amended by striking out "subchapter III of chapter 53"
7 and inserting "subchapters III and IV of chapter 53" in
8 place thereof.

9 SEC. 7. Section 8331 (3) of title 5, United States Code,
10 is amended by striking out "retroactive pay under section
11 5344 of this title" and inserting "retroactive pay under sec-
12 tion 5345 of this title" in place thereof.

13 SEC. 8. Section 8704 (d) (2) of title 5, United States
14 Code, is amended by striking out "section 5343 of this title"
15 and inserting "section 5344 of this title" in place thereof.

16 SEC. 9. All laws or parts of laws inconsistent with this
17 Act are hereby repealed to the extent of such inconsistency.

18 SEC. 10. (a) This Act is effective one hundred and
19 eighty days after the date of enactment. However, the ap-
20 plication of the Federal Wage System will be effective in
21 each wage area on the effective date of the first wage
22 schedule issued for that area one hundred and eighty days
23 after the date of enactment.

24 (b) A wage survey conducted by an agency before

1 the effective date of this Act for a wage schedule which be-
2 comes effective after the effective date of this Act is deemed
3 to meet the requirement in this Act for a survey by the
4 Bureau of Labor Statistics.

GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE,
Washington, D.C., April 30, 1971.

Hon. GALE W. MCGEE,
Chairman, Committee on Post Office and Civil Service,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Reference is made to your request for the views of the Department of Defense with respect to S. 231, 92d Congress, a bill "to provide an equitable system for fixing and adjusting the rates of pay for prevailing rate employees of the Government, and for other purposes."

It has been the position of the Department of Defense that legislation such as S. 231 is unnecessary, at least until the Coordinated Federal Wage System is given full opportunity to become a functioning program. From our viewpoint, the Coordinated Federal Wage System has provided appropriate wage adjustments and has demonstrated its flexibility to respond to changing industrial practices. If, however, Congress determines that statutory coverage is desirable, it is recommended that the legislation enacted set forth only Congressional policy and general procedures for implementation, as proposed in S. 1636, the Civil Service Commission's proposal now pending before your Committee, and not the specific details of the wage system. S. 231 does not confine itself in this manner, but contains a number of operating details, as well as other provisions to which we strongly object. Specifically, we object to the following:

Paragraphs 5341 (5) and 5343 (2) envisage the imposition of a requirement on Government contractors to provide wage data for the purpose of de ermining the prevailing wage rates for certain Federal employees. The Department of Defense is opposed to the use of the Government contract to achieve an objective unrelated to its procurement goal.

Such a requirement is an unnecessary complication to our procurement process and procedures which we are constantly seeking to improve and simplify. Further, the requirement is unwise and undesirable in that it can be imposed on all contractors when in fact, the wage data are only obtained from a limited number of employers who are generally cooperative. It is of interest to note that the Department cf Labor now obtains age information from Government contractors on a voluntary basis for the purpose of determining prevailing wage rates under the Davis-Bacon Act and the Service Contract Act.

The bill would define employees of a nonappropriated fund instrumentality described by Section 2105(c) of title 5, United States Code, who are employed in a recognized trade or craft or other skilled mechanical craft or in an unskilled, semi-skilled, or skilled manual labor occupation as a "prevailing rate employee." A number of employees engaged in unskilled essentially laboring occupations would be affected by this provision. The rates of pay for these employees now are determined on the basis of surveys in retail, wholesale, service and recreational activities, not on the basis of rates prevailing in the area for industrial employees. If the rates for these employees were required to be established on the basis of industrial wage rates, the cost would be extensive. As an indication of the scope of the effect, the present minimum rate for nonappropriated fund employees is the minimum rate established by the Fair Labor Standards Act, $1.60 per hour. The average minimun rate under the existing Coordinated Federal Wage System which is based upon industrial rates is approximately $2.50 per hour. Wage schedules are scaled up from these minimums.

The bill would also provide that employees of nonappropriated fund instrumentalities performing in administrative, clerical and professional positions will have their pay established at rates identical with the pay of Federal employees performing similar services under the classified Civil Service.

We firmly believe that while nonappropriated fund prevailing rate employees should be paid locality prevailing rates, the reference point for these wages should be wages paid for similar jobs in comparable industries in the private sector. Nonappropriated funds must support themselves through revenues they produce just as do commercial retail stores, food, and recreation activities in the private sector. These commercial activities, therefore, are the proper reference points for the pay concepts of "prevailing rates" and "equal pay for equal work," for nonappropriated fund employees. Rates fixed on this basis are fair to employees, to nonappropriated fund management, and to the servicemen who must pay the cost of the goods and services. The basic requirements Congress has established, that nonappropriated fund activities provide goods and services at reasonable prices to servicemen and that these activities be self-sustaining, will be severely undercut if this bill is enacted. By requiring that rates of pay for

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these employees be established on the basis of industrial wage rates, price increases in the revenue-producing activities—the exchanges, clubs, messes, and certain recreational facilities—would be necessary to absorb the increased labor cost. Such increases for the purpose of paying nonappropriated fund employees' rates significantly in excess of those paid to their counterparts in the private sector of the economy will be recognized as further erosion of the compensation package and benefits of the serviceman. It would represent a reduction in real earnings for the serviceman, particularly those in the lower ranks.

The Department of Defense is currently in the process of completing an extensive study of the compensation and employment practices for nonappropriated fund employees. Final decisions have not been made, but it is expected that this study will result in the establishment within the next few months of a coordinated wage program for nonappropriated fund employees administered by one authority in the Department of Defense. We believe that a quesion of this importance and magnitude should be resolved as a result of this careful and thorough analysis.

The proposal to limit private establishments to those employing 300 personnel for incorporation in the survey would too severely restrict the representation of industry. A check of eighteen wage areas under the Coordinated Federal Wage System reveals that wage data are solicited from 11,800 firms engaged in manufacturing, transportation, utilities and wholesale trade that have fifty or more employees. If the minimum size criterion was increased to 250 (data base available from Bureau of Labor Statistics), 9,700 establishments would be dropped—a loss of 82 percent of the survey potential. Without doubt, a greater loss would result using a 300 employee cutoff. Adoption of this proposal would cast severe doubt on the validity of the surveys as a reflection of prevailing rates.

The same objections apply to the proposed minimum establishment size relating to special rates and schedules. Such rates are sometimes required for occupations such as electrical linemen, communications technicians, and printers and lithographers that frequently exist in establishments having fewer employees than the proposed minimum.

S. 231 would continue in law the provisions of the present Section 5341(c) of title 5, United States Code (commonly referred to as the Monroney Amendment), which requires that a lead agency go outside a local area to collect wage data for principal types of Federal positions when comparable positions in private industry are not found in the local area. The Department of Defense believes that this provision is contrary to the whole principle of establishing wage rates for wage employees on the basis of rates prevailing in private industry in the area. Going outside the local area as provided by the Monroney Amendment (and which would be continued under S. 231) serves to distort pay in the local area. It is not necessary to find matches for every Federal occupation in a wage area in order to establish a pay schedule. Private firms follow reasonably consistent patterns in setting wage relationships among kinds and levels of work. Similar relationships are followed in the Federal service by grouping jobs doing the same level of work and aligning them in a uniform pattern. It is only necessary to obtain a reasonable sample of local industry rates in order to identify prevailing levels of pay and relate them to the Federal grade structure. The importing of rates from one area to another has resulted in many pay inequities. Increased payroll costs associated with the Monroney Amendment are being developed as area-to-area applications are being made. It is estimated that additional annual payroll costs will total $66,000,000.

The 10 step rates provided for in Section 5343 are considered excessive. A prevailing rate system should be patterned after private industry pay practices to the extent possible. It is the general practice in industry to have one or two pay rates for each level of work. Further, with 10 step rates for each grade level, the amount paid a worker in one of the higher steps would bear no relation whatsoever to the going rate for the position in industry. The number of step rates and the amounts of the increment between step rates established for the Coordinated Federal Wage System are a reasonable reflection of the findings on industrial pay practices. We strongly object to the provision for 10 step rates in the proposed bill because it is not in accordance with private industry practices and would result in Federal agencies paying rates up to 20 percent above prevailing rates assuming that step four would represent the payline. Not only will this result in additional unwarranted annual wage costs of approximately $340 million, it also will have an inflationary impact in areas where the Department of Defense is a major employer since other employers will be forced to meet these increased rates.

S. 231 provides for payment of nation-wide percentage differentials for night work, the amounts being 7½ percent for the second shift and 10 percent for the third shift. This represents a complete departure from pay practices prevailing in industry for trades, crafts, and laboring occupations. In private industry the amount of the differential paid employees for night work will vary from firm to firm and from area to area. The predominant industry practice is to pay a flat cents per hour amount to all employees on a shift rather than a percentage basis. The flexibility and inherent fairness of the present system is reflected also in the recognition, in specific areas, of differentials more favorable than would be payable under the amounts proposed in the bill.

The bill would provide for the appeal of decisions of the lead agency by a labor organization representative on an agency committee to the Federal Prevailing Rate Advisory Committee which would render a binding judgment within fifteen calendar days. We believe the Federal Prevailing Rate Advisory Committee should limit itself to policy matters bearing on the overall wage program. It should not function as an appellate body on the operational aspects of the wage setting process which is expressly assigned to the lead agency. It would be extremely impractical for the advisory committee to involve itself in differences in interpretation and challenged voting actions of the agency committees in relation to approximately 140 wage areas now defined by the Civil Service Commission.

The Department of Defense is not in agreement with the provisions of Section 5343(c)(16) which appears to give an employee the right to appeal grade, category, title or class actions direct to the Civil Service Commission. It is our view that such appeal rights should extend to an employee only after he exhausts first his appeal rights in the employing agency.

The bill proposes that the Chairman of the Federal Prevailing Rate Advisory Committee shall be appointed by the President but does not make it clear to whom he reports and is accountable to while he is serving. We believe that the Chairman should be appointed by and report to the Chairman of the U.S. Civil Service Commission and that five representatives should be selected from among the Executive Branch agencies with due consideration of such factors as the relative numbers of Federal wage employees in such agencies.

We consider it inappropriate to stipulate nominees for the President to consider in appointing an individual to function as Chairman of the Federal Prevailing Rate Advisory Committee. Likewise, the rules for special meeting of the committee could best be determined by the members and need not be prescribed by law.

For the above reasons the Department of Defense strongly recommends the enactment of S. 1636 in lieu of S. 231.

Inasmuch as the bills are identical, the foregoing comments apply equally to S. 422, S. 511 and S. 1288 on which our views were also requested.

The Office of Management and Budget advises that, from the standpoint of the Administration's program, there is no objection to the presentation of this report for the consideration of the Committee.

Sincerely,

J. Fred Buzhardt.

General Counsel of the Department of Defense,
Washington, D.C., April 30, 1971.

Hon. Gale W. McGee,
Chairman, Committee on Post Office and Civil Service,
U.S. Senate, Washington, D.C.

Dear Mr. Chairman: Reference is made to your request for the views of the Department of Defense with respect to S. 315, 92nd Congress, a bill "Relating to the fixing of prevailing rates for wage board employees of the Government of the United States."

It has been the position of the Department of Defense that legislation such as S. 315 is unnecessary, at least until the Coordinated Federal Wage System is given full opportunity to become a functioning program. From our viewpoint, the Coordinated Federal Wage System has provided appropriate wage adjustments and has demonstrated its flexibility to respond to changing industrial practices. If, however, Congress determines that statutory coverage is desirable, it is recommended that the legislation enacted set forth only Congressional policy and general procedures for implementation, as proposed in S. 1636, the Civil Service Commission's proposal now pending before your Committee and not the specific details of the wage system. S. 315 does not confine itself in this manner, but contains a

number of operating details, as well as other provisions to which we strongly object. Specifically, we object to the following:

The bill would would define employees of a nonappropriated fund instrumentality described by Section 2105(c) of title 5, United States Code, who are employed in a recognized trade or craft or other skilled mechanical craft or in an unskilled, semi-skilled, or skilled manual labor occupation as a "prevailing rate employee." A number of employees engaged in unskilled essentially laboring occupations would be affected by this provision. The rates of pay for these employees now are determined on the basis of surveys in retail, wholesale, service and recreational activities, not on the basis of rates prevailing in the area for industrial employees. If the rates for these employees were required to be established on the basis of industrial wage rates, the cost would be extensive. As an indication of the scope of the effect, the present minimum rate for nonappropriated fund employees is the minimum rate established by the Fair Labor Standards Act, $1.60 per hour. The average minimum rate under the existing Coordinated Federal Wage System which is based upon industrial rates is approximately $2.50 per hour. Wage schedules are scaled up from these minimums.

We firmly believe that while nonappropriated fund prevailing rate employees should be paid locality prevailing rates, the reference point for these wages should be wages paid for similar jobs in comparable industries in the private sector. Nonappropriated funds must support themselves through revenues they produce just as do commercial retail stores, food, and recreation activities in the private sector. These commercial activities, therefore, are the proper reference points for the pay concepts of "prevailing rates" and "equal pay for equal work," for nonappropriated fund employees. Rates fixed on this basis are fair to employees, to nonappropriated fund management, and to the servicemen who must pay the cost of the goods and services.

The basic requirements Congress has established, that nonappropriated fund activities provide goods and services at reasonable prices to servicemen and that these activities be self-sustaining, would be severely undercut if S. 315 were enacted. By requiring that rates of pay for these employees be established on the basis of industrial wage rates, price increases in the revenue-producing activities—the exchanges, clubs, messes, and certain recreational facilities—would be necessary to absorb the increased labor cost. Such increases for the purpose of paying nonappropriated fund employees' rates significantly in excess of those paid to their counterparts in the private sector of the economy will be recognized as further erosion of the compensation package and benefits of the serviceman. It would represent a reduction in real earnings for the serviceman, particularly those in the lower ranks.

The Department of Defense is currently in the process of completing an extensive study of the compensation and employment practices for nonappropriated fund employees. Final decisions have not been made, but it is expected that this study will result in the establishment within the next few months of a coordinated wage program for nonappropriated fund employees administered by one authority in the Department of Defense. We believe that a question of this importance and magnitude should be resolved as a result of this careful and thorough analysis.

S. 315 would continue in law the provisions of the present Section 5341(c) of title 5, United States Code (commonly referred to as the Monroney Amendment), which requires that a lead agency go outside a local area to collect wage data for principal types of Federal positions when comparable positions in private industry are not found in the local area. The Department of Defense believes that this provision is contrary to the whole principle of establishing wage rates for wage employees on the basis of rates prevailing in private industry in the area. Going outside the local area as provided by the Monroney Amendment (and which would be continued under S. 315) serves to distort pay in the local area. It is not necessary to find matches for every Federal occupation in a wage area in order to establish a pay schedule. Private firms follow reasonably consistent patterns in setting wage relationships among kinds and levels of work. Similar relationships are followed in the Federal service by grouping jobs doing the same level of work and aligning them in a uniform pattern. It is only necessary to obtain a reasonable sample of local industry rates in order to identify prevailing levels of pay and relate them to the Federal grade structure. The importing of rates from one area to another has resulted in many pay inequities. Increased payroll costs associated with the Monroney Amendment are being developed as area-to-area applications are being made. It is estimated that additional annual payroll costs will total $66,000,000.

The bill provides for each grade of a wage schedule to have 4 step rates with 4 percent increments between rates. The second rate is set as the payline rate. We strenuously object to this proposal. The predominant practices in industry are to pay non-supervisory employees one or two rates. The number of step rates and amounts of the increment between step rates established for the Coordinated Federal Wage System are a reasonable reflection of these findings on industrial pay practices. Under the present system, most Federal blue collar employees are already paid 4 percent more than prevailing rates. This bill would mean that a significant number of these workers would be paid at rates 8 percent above prevailing rates. It is estimated that this would add $85,000,000 in annual payroll costs within DoD, based on June 30, 1970, personnel strength.

The bill provides that special rates and special wage schedules shall have not less than 4 steps. We object to this inflexible proposal and believe that the industrial practice for the occupations should be controlling; for example, if a single rate represents the industry practice, a single rate should be used.

The bill proposes that the Chairman of the Federal Prevailing Rate Advisory Committee shall be appointed by the President but does not make it clear to whom he reports and is accountable to while so serving. We believe that the Chairman should be appointed by and report to the Chairman of the U.S. Civil Service Commission and that five representatives should be selected from among the Executive Branch agencies with due consideration of such factors as the relative numbers of Federal wage employees in such agencies.

For the above reasons the Department of Defense strongly recommends the enactment of S. 1636 in lieu of S. 315.

The Office of Management and Budget advises that, from the standpoint of the Administration's program, there is no objection to the presentation of this report for the consideration of the Committee.

Sincerely,

J. Fred Buzhardt.

General Counsel of the Department of Defense,
Washington, D.C., April 30, 1971.

Hon. Gale W. McGee,
Chairman, Committee on Post Office and Civil Service,
U.S. Senate, Washington, D.C.

Dear Mr. Chairman: Reference is made to your request for the views of the Department of Defense with respect to S. 1086, 92nd Congress, a bill "to provide an equitable system for fixing and adjusting the rates of pay for prevailing rate employees of the Government, and for other purposes."

It has been the position of the Department of Defense that legislation such as S. 1086 is unnecessary, at least until the Coordinated Federal Wage System is given full opportunity to become a functioning program. From our viewpoint, the Coordinated Federal Wage System has provided appropriate wage adjustments and has demonstrated its flexibility to respond to changing industrial practices. If, however, Congress determines that statutory coverage is desirable, it is recommended that the legislation enacted set forth only Congressional policy and general procedures for implementation as proposed in S. 1636; the Civil Service Commission's proposal now pending before your Committee, and not the specific details of the wage system. S. 1086 does not confine itself in this manner, but contains a number of operating details, as well as other provisions to which we strongly object. Specifically, we object to the following:

The bill would define employees of a nonappropriated fund instrumentality described by Section 2105(c) of title 5, United States Code, who are employed in a recognized trade or craft or other skilled mechanical craft or in an unskilled, semi-skilled, or skilled manual labor occupation as a "prevailing rate employee." A number of employees engaged in unskilled essentially laboring occupations would be affected by this provision. The rates of pay for these employees now are determined on the basis of surveys in retail, wholesale, service and recreational activities, not on the basis of rates prevailing in the area for industrial employees. If the rates for these employees were required to be established on the basis of industrial wage rates, the cost would be extensive. As an indication of the scope of the effect, the present minimum rate for nonappropriated fund employees is the minimum rate established by the Fair Labor Standards Act, $1.60 per hour. The average minimum rate under the existing Coordinated Federal Wage System which is based upon industrial rates is approximately $2.50 per hour. Wage schedules are scaled up from these minimums.

We firmly believe that while nonappropriated fund prevailing rate employees should be paid locality prevailing rates, the reference point for these wages should be wages paid for similar jobs in comparable industries in the private sector. Nonappropriated funds must support themselves through revenues they produce just as do commercial retail stores, food, and recreation activities in the private sector. These commercial activities, therefore, are the proper reference points for the pay concepts of "prevailing rates" and "equal pay for equal work," for nonappropriated fund employees. Rates fixed on this basis are fair to employees, to nonappropriated fund management, and to the servicemen who must pay the cost of the goods and services.

The basic requirements Congress has established, that nonappropriated fund activities provide goods and services at reasonable prices to servicemen and that these activities be self-sustaining, will be severely undercut if this bill is enacted. By requiring that rates of pay for these employees be established on the basis of industrial wage rates, price increases in the revenue-producing activities—the exchanges, clubs, messes, and certain recreational facilities would be necessary to absorb the increased labor cost. Such increases for the purpose of paying nonappropriated fund employees' rates significantly in excess of those paid to their counterparts in the private sector of the economy will be recognized as further erosion of the compensation package and benefits of the serviceman. It would represent a reduction in real earnings for the serviceman, particularly those in the lower ranks.

The Department of Defense is currently in the process of completing an extensive study of the compensation and employment practices for non appropriated fund employees. Final decisions have not been made, but it is expected that this study will result in the establishment within the next few months of a coordinated wage program for nonappropriated fund employees administered by one authority in the Department of Defense. We believe that a question of this importance and magnitude should be resolved as a result of this careful and thorough analysis.

S. 1086 would continue in law the provisions of the present Section 5341(c) of title 5, United States Code (commonly referred to as the Monroney Amendment), which requires that a lead agency go outside a local area to collect wage data for principal types of Federal positions when comparable positions in private industry are not found in the local area. The Department of Defense believes that this provision is contrary to the whole principle of establishing wage rates for wage employees on the basis of rates prevailing in private industry in the area. Going outside the local area as provided by the Monroney Amendment (and which would be continued under S. 1086) serves to distort pay in the local area. It is not necessary to find matches for every Federal occupation in a wage area in order to establish a pay schedule. Private firms follow reasonably consistent patterns in setting wage relationships among kinds and levels of work. Similar relationships are followed in the Federal service by grouping jobs doing the same level of work and aligning them in a uniform pattern. It is only necessary to obtain a reasonable sample of local industry rates in order to identify prevailing levels of pay and relate them to the Federal grade structure. The importing of rates from one area to another has resulted in many pay inequities. Increased payroll costs associated with the Monroney Amendment are being developed as area-to-area applications are being made. It is estimated that additional annual payroll costs will total $66,000,000.

The bill provides for each grade of a wage schedule to have 5 step rates with 4 percent increments between rates. The second rate is set as the payline rate. We strenuously object to this proposal. The predominant practices in industry are to pay non-supervisory employees 1 or 2 rates. The number of step rates and the amounts of the increment between step rates established for the Coordinated Federal Wage System are a reasonable reflection of these findings on industrial pay practices. Under the present system, most Federal blue collar employees are already paid 4 percent more than prevailing rates. This bill would mean that a significant number of these workers would be paid at rates 12 percent above prevailing rates. It is estimated that this would add $170,000,000 in annual payroll costs within the Department of Defense based on June 30, 1970, personnel strength.

S. 1086 provides for payment of nation-wide percentage differentials for night work, the amounts being 7½ percent for the second shift and 10 percent for the third shift. This represents a complete departure from pay practices prevailing in industry for trades, crafts, and laboring occupations. In private industry the amount of the differential paid employees for night work will vary from firm to firm and from area to area. The predominant industry practice is to pay a flat

cents per hour amount to all employees on a shift rather than a percentage basis. The flexibility and inherent fairness of the present system is reflected also in the recognition, in specific areas, of differentials more favorable than would be payable under the amounts proposed in the bill.

The bill proposes that the Chairman of the Federal Prevailing Rate Advisory Committee shall be appointed by the President but does not make it clear to whom he reports and is accountable to while so serving. We believe that the Chairman should be appointed by and report to the Chairman of the U.S. Civil Service Commission and that five representatives should be selected from among the Executive Branch agencies with due consideration of such factors as the relative numbers of Federal wage employees in such agencies.

For the above reasons the Department of Defense strongly recommends the enactment of S. 1636 in lieu of S. 1086.

The Office of Management and Budget advises that, from the standpoint of the Administration's program, there is no objection to the presentation of this report for the consideration of the committee.

Sincerely,

J. FRED BUZHARDT.

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C., May 11, 1971.

Hon. GALE W. MCGEE,
Chairman, Committee on Post Office and Civil Service, U.S. Senate, New Senate Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to the Committee's request for the views of the Office of Management and Budget on S. 1636, "To establish a Federal Wage System for fixing and adjusting the pay of certain employees of the Government."

S. 1636 was submitted by the Civil Service Commission and represents the Administration's approach to a statutory authorization for a wage system. The bill sets out the general policies and principles which will govern the wage system, and vests in the President, for delegation to his agent, the responsibility to prescribe detailed rules and specifications for administration and operation of the system.

This Office joins with the Civil Service Commission in support of S. 1636 and strongly urges its enactment.

Sincerely,

WILFRED H. ROMMEL,
Assistant Director for Legislative Reference.

The CHAIRMAN. The first witness before the committee this morning is one of our colleagues in the Senate, who has been out front in your behalf for a very long time, Senator Fred R. Harris.

He is here to testify in support of the bill that he first introduced, S. 511.

Senator Harris, the floor is yours.

STATEMENT OF HON. FRED R. HARRIS, A U.S. SENATOR FROM THE STATE OF OKLAHOMA

Senator HARRIS. Thank you, Mr. Chairman.

I appreciate very much this opportunity to appear before you in support of legislation I introduced to provide an equitable system for fixing and adjusting the rates of compensation of wage board employees.

The purpose of S. 511, the Prevailing Wage Rate Determination Act, is to bring equity to the more than 750,000 persons who work for the Federal Government and receive their salaries and wages under the so-called wage board system.

Unlike employees of the classified service and the Postal Field Service, there has been no legislation adopted to govern in a systematic and equitable manner the way in which the wages of wage board employees are computed.

My attention was drawn to the present wage board system by the fact that in my own home State of Oklahoma very serious problems of equity have arisen regarding the fixing of wage board rates.

The total Federal employment in Oklahoma is approximately 55,000 persons. Of these, almost 21,000 are paid according to the standards fixed by the wage board system.

Thus, almost 40 percent of the Federal employee population in my own home State has to rely on the relatively haphazard devices now existing for the computation of their wage rates.

Information which I have been receiving from wage board employees at Tinker Air Force Base, Fort Sill, and the Federal Aviation Administration and Veterans' Administration Hospitals, has revealed such a discrepancy between rates of pay for wage board employees working in the same community performing identical functions for the Federal Government that I feel it imperative that Congress bring justice and equity into the wage board system.

The legislation you are considering today is intended to achieve this equity without any violation of the concept, or of the procedures of the prevailing wage system. It is a bill designed to see that the system is equitable and just, everywhere and to everyone. By uniform procedures, it provides the means of establishing and revising basic regulations, the conduct of wage surveys and the adjudication and arbitration of any differences which might arise between management and labor.

A most important feature of my bill is the inclusion under its wage rate system of all employees who are now paid from so-called nonappropriated funds. There are approximately 75,000 workers who are involved in this category. It assures that these employees will no longer be considered outsiders to the wage board, or prevailing wage rate, system.

They do the same kind of work in the same buildings and installations as other Federal employees and I want to be certain that they will be assured equity and justice in the same manner as if they were receiving their pay from appropriated funds.

In addition to bringing nonappropriated fund employees under the wage rate system, my bill will establish a standing committee within the Civil Service Commission to be known as the Federal Prevailing Rate Advisory Committee.

Composed of 11 members, the Federal Prevailing Rate Advisory Committee will have as its Chairman a person who shall be from outside the Federal service and who shall be appointed directly by the President and shall hold no other office in the Federal service during his tenure as chairman. He will serve for a 4-year term at the maximum rate for classified employees.

In addition to the Chairman, the Advisory Committee will have five Federal employee union representatives and five management representatives.

The Federal employee union representatives will be appointed by the Chairman of the Civil Service Commission from among labor organizations representing the largest number of prevailing rate employees.

The five employer representatives will be selected to the Federal Prevailing Rate Advisory Committee as follows: The head (or his designee) of each of the four agencies and military departments designated as having the largest number of prevailing rate employees.

One employee of the Civil Service Commission appointed by the Chairman of the Civil Service Commission.

My bill seeks to develop a more workable wage board system by giving the Federal Prevailing Wage Advisory Committee authority to study, advise and to make recommendations to the Civil Service Commission for action on the prevailing rate system and other matters pertinent to the establishment of prevailing rates. This committee shall report annually to the Civil Service Commission and to the President.

The Civil Service Commission shall provide for establishment by the Commission of boundaries for individual wage areas and designation of a lead agency for each local wage area. Wage surveys and schedules will be conducted in each area by the lead agency with a full scale survey every 2 years.

Commission regulations will provide for participation by labor representatives in all phases of wage rate determinations. The regulations also are to call for pay differentials for work involving hazards, physical hardship or unusual working conditions. A differential is also included for regular nonovertime nighttime work.

Another important provision of the Prevailing Wage Rate Determination Act calls for the establishment of a 10-step system wage rate schedule similar to the within grade steps already available to employees working under the classification act.

Further, it provides that each successive rate shall not be less than 3⅓ percent more than the preceding rate. It is my understanding that more than 90 percent of all wage board employees are in the third and last step of each grade.

Most of them got there after one and one half years of service, and unless my proposal for a 10-step wage schedule or something similar is adopted, these employees will stay in this last step for the rest of their lives. If a 10-step system is good for classified employees, then so should it be for wage board employees, and I think my proposal should be adopted.

Mr. Chairman, no bill involving so many fundamental issues as those we are considering here today can anticipate every difficulty. However, I believe that my bill represents a giant stride in the direction of bringing a more equitable approach to the whole range of problems affecting wage board employees.

I certainly hope it will pass the Senate and the Congress this year so that by the beginning of 1972 the "forgotten men" of the Federal Government, the "wage board employees," will be seeing tangible evidence of our efforts to improve on a system which has for too long been neglected at the expense of thousands of dedicated public servants.

I am really impressed by the tremendous number of people who are here, and the great number from my own State.

There are some 55,000 people in Oklahoma, who are in Federal employment, and almost 21,000, or 40 percent of those are people who are paid under the wage board system, and I am conforted, as I know they are, by these excellent statements that you, Mr. Chairman, and other members of this committee have made this morning.

Senator Hollings said quite properly the backbone of our economy is the blue-collar worker. He is the man in the middle, and often he is left out, and nowhere is that more true than in the blue-collar wage system of the Government for Federal employees.

I not only join in what was said here about the necessity of passing a bill, and passing it over the President's veto, if he should again veto this bill; but I say, let's not just pass over a veto a four-step bill. I say let's pass the best bill, this 10-step bill. [Applause.]

Mr. Chairman, this is the most satisfying appearance before this committee, or any other committee, I have ever had.

Thank you, Mr. Chairman. [Applause.]

The CHAIRMAN. I hesitated to ask you to look around, but you received a standing ovation.

Senator HARRIS. I will wind up by saying again that we can just as easily pass over the President's veto on the best bill, the 10-step bill as any other, so I think that is what we ought to do, and if he vetoes it again, then we should have time to pass it again. [Applause.]

The CHAIRMAN. I would just like to say that I have met with spokesmen from Tinker all over the country. Wherever I make a speech, somebody shows up to represent this case.

Senator Randolph, did you want to say hello this morning to this galaxie of the faithful and the loyal and the helpful?

Senator RANDOLPH. Good morning, ladies and gentlemen. [Applause.]

The CHAIRMAN. The first nonhouse witness is John Griner, president of AFGE. [Applause.]

COMMENDATION OF THE WITNESS

I might say while they are taking their positions, that I can never testify that John Griner ever goes to bed at night.

I have had calls from him through the night. He is on my doorstep when I get here the first thing in the morning.

There has never been anyone who I have known that has bird-dogged needed legislation as faithfully and as skillfully and in such depth as John Griner. [Applause.]

Senator FONG. I want to reiterate what the chairman has just said about John Griner.

John has been a great leader for you. He has dogged my step at every turn, everytime there was something that was coming up, he would come to my office, and he has really worked hard.

He should be congratulated for the hard work he has done, and you should be congratulated for having chosen a very fine leader. [Applause.]

STATEMENT OF JOHN F. GRINER, NATIONAL PRESIDENT, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES; ACCOMPANIED BY STEPHEN KOCZAK, DIRECTOR OF RESEARCH; CLYDE M. WEBBER, EXECUTIVE VICE PRESIDENT; CARL K. SADLER, LEGISLATIVE REPRESENTATIVE

Mr. GRINER. Mr. Chairman, members of the committee, first, I would like to express my appreciation for the interest shown by the different members of this committee in this legislation that is before

you, and I would like to also personally thank the members of the committee for the many kind remarks that have been said this morning, although you are not saying them about John Griner.

You are saying them about the organization that we represent, and for the record this morning, to my left, Mr. Stephen Koczak, our director of research, and on my right, Mr. Clyde M. Webber, executive vice president, Mr. Carl K. Sadler, legislative representative, Mr. William H. Ryan, the metal trades department, AFL–CIO representative, and Saul Stein from the metal trades department.

Before getting into the testimony this morning, I would like to read into the record a letter, which is signed by Mr. Andrew J. Biemiller, director of the department of legislation with the AFL–CIO, and I quote:

"Dear Mr. Chairman:

In connection with your current hearings on legislation to reform the Federal wage board 'prevailing rate' system of setting pay schedules for Federal blue-collar workers, I wish to express the strong support of the AFL–CIO for legislation along the lines of S. 231, sponsored by Senator Moss.

Such legislation will bring long overdue justice and equity to the 800,000 Federal blue-collar workers and nonappropriated fund workers whose pay rates are now set under the present employer-dominated 'Coordinated Federal Wage System.'

The 1969 AFL–CIO convention called for revision of the existing 'prevailing rate' system. The convention urged Congress to:

'Replace the Federal Coordinated Wage System with an impartially led wage board pay determination system with equal union and management representation with an impartial tie-breaking mechanism at all levels so that the hourly rates of these employees may be made consistent with the prevailing wages paid in private industry and keeps them there through surveys conducted at those intervals and under those conditions necessary to maintain truly comparable structures of pay.'

In spite of favorable action by the 91st Congress on labor-supported reform legislation to improve the Federal wage board pay system, the President killed the reform bill with a veto only 2 hours before the 91st Congress finally adjourned.

That reform bill fell short of the hopes of the AFL–CIO and its affiliated labor organizations representing Federal wage board workers and nonappropriated fund employees.

Nevertheless, favorable action on that bill in 1970 by the 91st Congress was a very significant step forward toward full justice and equity for the affected workers and it clearly revealed the support and determination needed in Congress to enact reasonable, equitable wage board reform legislation.

The current hearings by your committee, Mr. Chairman, will lay the foundation, we hope, for prompt action by the 92d Congress on wage board reform legislation in 1971. We urge prompt action by your committee and by the 92d Congress as a whole on this important and vitally needed legislation.

A key feature of the Moss bill is establishment of an 11-member Federal Prevailing Wage Advisory Committee with a presidentially appointed impartial chairman from outside the ranks of Federal Government management. The continuing frustration and denial of

legitimate employee grievances in the present National Wage Policy Committee indicates the urgent need for an objective, impartial chairman who does not automatically line up with Federal management representatives.

At present, the worker representatives on the National Wage Policy Committee see their efforts to achieve justice for their members under the present system go down to defeat by 6–5 votes time after time after time.

Let me remind you that Federal wage board workers and nonappropriated fund employees have no effective comprehensive Federal legislation establishing basic pay-setting procedures. The Coordinated Federal Wage System largely exists simply by executive decision and administrative action.

We believe a firm legislative foundation for the prevailing rate wage system is long overdue, and we urge prompt action on this pending legislation by the 92d Congress.

Mr. Chairman, I respectfully request that this letter be made part of the record of hearings by your committee on S. 231 and related wage board bills. Thank you.

Sincerely, Andrew J. Biemiller."

Now, Mr. Chairman and members of this committee, once again, I come before you, as I have on several occasions during the last 4 or 5 years, to ask equity and justice for almost 700,000 wage grade employees and for a measure of relief for the nonappropriated fund employees working in the Department of Defense and the Veterans' Administration.

You will recall that during the last session, the Congress enacted H.R. 17809. Unfortunately, the President vetoed the bill. His veto only continued or made more grave the inequity and injustice on those employees covered by this legislation.

You will recall that neither bill which was passed in the House or in the Senate gave full equity to the wage grade and non-appropriated fund employees. The bill which was sent to the President was a mere skeleton of the original legislation.

Under the conditions, as existed when this bill was sent to the President, we had no alternative other than to accept it, had the President signed the legislation.

This is a new day, a new Congress, and certainly every item as contained in the original bill introduced last year, and in certain bills introduced by Members of your august body this year, are justified and should be enacted into law.

You will note that in each and every item, we are only asking that the wage grade employees and non-appropriated fund employees be given the same rights and benefits to which the classified white collar worker is now entitled.

Again I want to point out to you that employees of the Federal Government working in wage grade positions and non-appropriated fund employees have been, and are at the present time, literally a group of men and women whom the law has forgotten.

Except for the Monroney Rider, which was enacted in the 90th Congress, there is probably no basic legislation for establishing the base pay, or the fringe and premium benefits for this group of employees.

As of today, all of this is done by administrative fiat, or by regulation that can be changed at the whim of management, and is at the present time being interpreted in accordance with management's viewpoint.

I say to you, gentlemen, that the need for basic legislation for these employees, is becoming greater and greater with each passing day.

In fact, we are being faced with a grave situation. Militancy among this group of employees is on the increase. All they are asking for is justice and equity. I say to you, they are not getting justice and equity. [Applause.]

I must, Mr. Chairman and members of the committee—I am not going into all of the details of the different facets of the bill, which I went into last year.

I am attaching a copy of my statement of last year, which was given on July 29, to the Congress, which did go into detail with each and every item that was contained in the bill that is now before us.

Chairman McGee. That will be made a part of the record, John.[1]

Mr. Griner. What I hope to do this morning, Mr. Chairman, is to show that some of the statements made by the President are not in fact true, that these people are not getting their justice, and from time to time, I shall refer to this statement of July 29, 1970, in order to emphasize the point.

This morning I shall discuss the way in which the wage or the wage graded employees are arrived at. It is very complicated.

Had we not been on the Wage Committee, I would assure you we would not be in a position to give this discussion.

These employees are being deprived of not only their proper wages but of reasonable job security, for thousands have lost their jobs through private contractors and moon-lighting military personnel. The trend to contract out support work in the Federal service is on the increase.

I shall not attempt this morning to go into all the details that were used when I appeared before you during the last session of Congress to justify legislation for the wage grade and nonappropriated fund employees.

However, there are certain additional factors which I wish to discuss in detail. Briefly, I will also refer from time to time to certain items contained in my statement, in order that I may emphasize certain changes which have taken place since my last appearance before you.

OFFICIAL STATISTICS PROVE INEQUITY EXISTS

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

Let's look first at the record of hiring and firing and job security, as reported in the official statistics of the Civil Service Commission.

On July 1969, there were 745,735 blue-collar employees; and in July 1970, there were only 674,250. In one fiscal year, a net total of 71,485 blue-collar employees, or almost one in every 10, had been fired.

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[1] Statement of Mr. Griner to the Special Subcommittee on Exchanges and Commissaries of the House Armed Services Committee on July 29, 1970 on pp. 163–174.

When I say "fired," I mean his job had been discontinued. He was out of work with the Federal service.

The CHAIRMAN. None of those, John, reflect individuals that were voluntarily removing themselves from their jobs. I want the record to show that.

Mr. GRINER. It could be their jobs were not filled after they voluntarily removed themselves. There were that many less jobs.

The CHAIRMAN. We will be asked that question in terms of whether the individuals were fired or whether they left of their own reasons, that they were stepping down, and then the job was abolished. There is a little bit of difference there, and I think the record could be straight on that.

Mr. GRINER. It could be in both cases.

The CHAIRMAN. I wonder if for the record you might have that examined and then submit it to be inserted into the record?

Mr. GRINER. We shall be happy to do it.

(Mr. Griner subsequently submitted the following material:)

The term "firing", as used in this context, refers to net positions filled by all employees on the reporting date. It is like a flash camera photograph of the situation of all Federal employees of all types as of that reporting date.

The basic data appear in a publication of the Civil Service Commission, entitled "Pay Structure of the Federal Civil Service", the last published edition of which is dated June 30, 1969, containing data for that date. The statistics for June 30, 1970 were obtained by AFGE Research Department from the offices of the Civil Service Commission. These statistics will be in the publication of "Pay Structure of the Federal Civil Service" for June 1970.

Consequently, the term "firing" is a short-hand term for reduction of the total of all jobs of blue collar workers funded and filled in the fiscal year between the Civil Service Commission's reporting dates of June 30, 1969 and June 30, 1970. How many workers were literally "fired", how many "quit" and how many "retired" is not known accurately by the Civil Service Commission.

Mr. GRINER. In the same period, total Federal civilian employment of all types, according to the Civil Service Commission, declined from 2,879,483 to 2,806,469, or a net total of 73,014, of whom 71,485 were blue-collar employees.

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

This means that the firing rate of Federal blue-collar employees in that 1 year had been 150 times as great as the firing rate of all other types of Federal employees.

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

These two elements are, first the so-called prevailing rate; and, second, the three-step within grade pay system.

In combination, they keep about one-third of all Federal blue-collar employees at or below the poverty standard of living. [Applause.]

POVERTY LEVEL OF WAGE GRADE EMPLOYEES

The unpublished but available statistics at the Civil Service Commission show that on July 1, 1970, the United States employed 674,250 blue-collar employees.

Excluding the approximately 130,000 employed overseas, there were 545,373 employed in the United States on appropriated funds.

Of these, the Civil Service Commission knows that 4,529 earned less than $4,300 annually, or less than step 1 of GS-1.

God knows, step 1 is starvation wages.

A further 11,318 earned less than $4,800 or less than step 1 of GS-2. A further 43,080 earned less than $6,000, or less than step 1 of a GS-4.

Altogether, 154,900 American blue-collar Federal employees working under appropriated funds in the United States, their homeland, earned less than $6,900 in 1970, or less than a step 1 of a GS-5.

When one adds the 70,000 American nonappropriated fund employees in the United States, of whom about 56,000 are paid less than $6,000 a year, it is clear that about 210,000, or almost 56,000 are paid less than $6,000 a year. It is clear that about 210,000, or almost 35 percent of all blue-collar workers in the United States, are paid at or below the poverty level. [Applause.]

THE SO-CALLED PREVAILING RATES

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

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

Literally, the opposite is true.

To prove my point decisively, I shall analyze what the term "prevailing rate" means as it is used technically by Federal statisticians.

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

I ask permission to insert immediately hereunder into the record a set of official Federal pay schedules based on the tabulation and graphing of an actual recent survey of private enterprise blue-collar rates.

The CHAIRMAN. Are those in the appendix here? Are they attached?

Mr. GRINER. They are immediately below, in the text of my statement and not in the annexes.

The CHAIRMAN. Fine. They will be made a part of the record.[1]

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

Insertion II is an official graph based on that actual survey, constructed by means of the "method of least squares" to establish the blue collar Federal prevailing rate pay line with a constant intergrade differential. Sometimes in looking over these complicated charts, I wonder if that is what I or anyone else can mean. [Applause.]

Although the data in the tables in insertion I and III are easy to follow, I should like to point out parenthetically here that the two outer dark straight lines on the graph in insertion II have nothing to do with the pay line itself.

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[1] See pp. 125–127 for tables.

If you will turn to that, which I believe is on page 7, this will give us some idea as to how we arrive at the pay rate for the wage employees, and I might say this is the same method used at arriving at the pay rate of the white collar employees where they have 10 steps.

The two dark lines, one below and one above, represent respectively a 10-percent difference between them and the so-called "pay-line" which is the one in the middle.

The one in the middle is the average of all of the different pays for the different positions, and so there is actually a 20-percent differential already built in there on the graph which is not reflected in the present 8-percent three-step system.

Ten percent above, 10 percent below, and yet there is a number, as you will notice, of pay rates of those that are outside of this line, which are not even considered. These would produce a range of rates far in excess of 30 percent.

In other words, anything below 10 percent above, anything above 10 percent is knocked out.

Anything 10 percent below is knocked out.

Now, this is precisely the same way by which we arrive at the 10-step system for the white collar worker also, and if you do it in one way for them, why can we not do it the same for the other worker, who is the blue-collar employee.

As it was pointed out this morning, I also have not heard that the white-collar rates with their 10-step system were inflationary.

I have not heard that they have been paid above the prevailing rate. It has been indeed most unfortunate that someone at the time of the white collar 10 steps were put into effect did not ask at that same time that they apply to the blue collar the same as it does to the white collar.

Maybe this organization is partially to blame for that. [Applause.]

Even though those lines really have nothing to do with the prevailing rate, I mean the two outer dark lines on the graph, they do reveal that Federal statisticians regularly assume that there is at least at 20-percent spread in private enterprise rates as they graph the data.

I might say it is approximately a 35-percent spread, in fact.

(The documents follow:)

COORDINATED FEDERAL WAGE SYSTEM
LOCALITY—CHICAGO, ILL., FEBRUARY 1970

Number of establishments (all divisions):
Within scope of survey 3,084
Surveyed 349

Workers in es tablishments (all divisions):
Within scope of survey 1,051,769
Surveyed 437,843

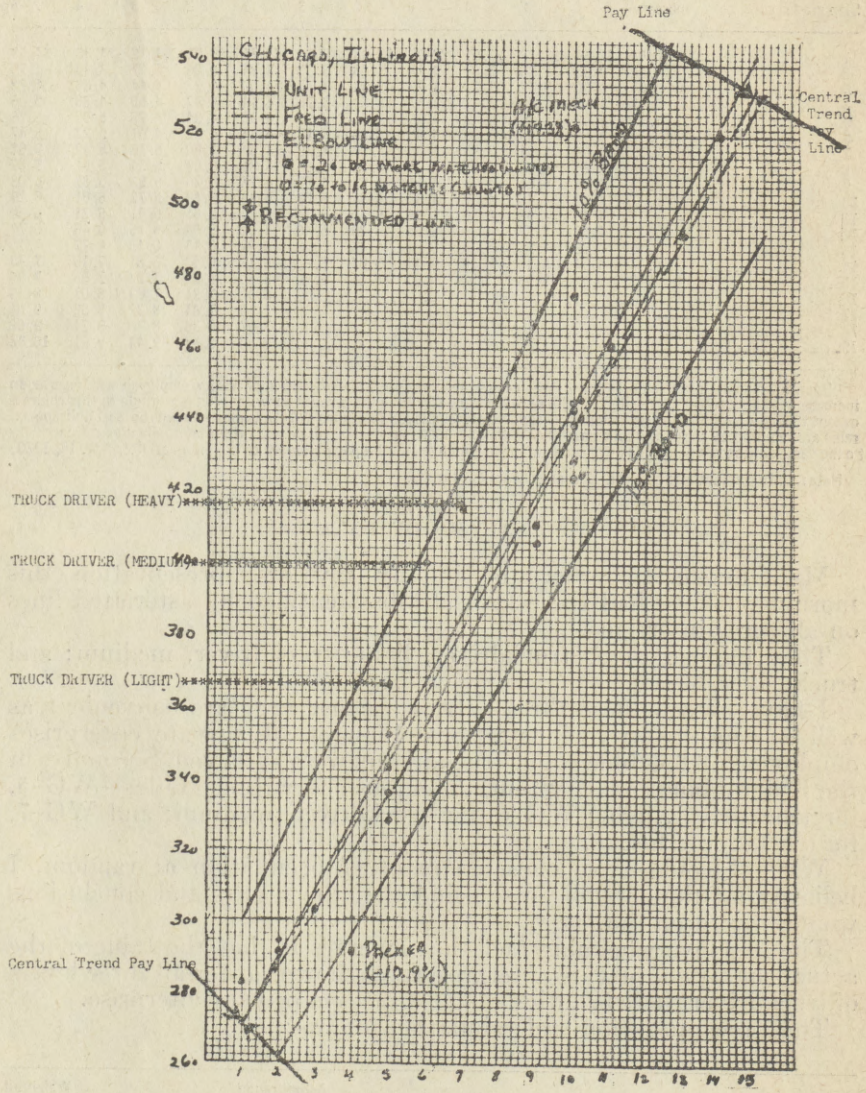
WG and Occupation	Total firms	Number of employees	Weighted average all firms	$1.80 to $1.99	$2.00 to $2.19	$2.20 to $2.39	$2.40 to $2.59	$2.60 to $2.79	$2.80 to $2.99	$3.00 to $3.19	$3.20 to $3.39	$3.40 to $3.59	$3.60 to $3.79	$3.80 to $3.99	$4.00 to $4.19	$4.20 to $4.39
				Distribution of plants by hourly rates for key jobs												
1 Janitor (light)	1,123	4,439	$2.82		158	150	156	216	97	113	115	57	61			
2 Janitor	1,009	7,214	2.94	27	14	61	164	202	198	172	24	77	57	12	1	
2 Laborer	891	13,720	2.91	60	57	29	220	115	74	144	59	8	21	54	50	
3 Laborer (heavy)	395	8,245	3.04		27		28	63	128	40	4	35	47	22	1	
4 Packer	587	3,382	2.93	27	38	22	61	54	93	90	92	77	18	5	10	
5 Helper (trades)	310	1,655	3.43				1	17	47	88	8	46	54	48	1	
5 Warehouseman	834	6,615	3.28				57	60	74	127	158	218	65	57	13	1
5 Forklift operator	945	7,517	3.36	17		4	77	157	175	181	74	85	53	61	61	
5 Power truck operator	97	1,090	3.52				2		2	46	7	10	10		20	
5 Truck driver (light)	217	578	3.66						6	34	64	16		60	36	1
6 Truck driver (medium)	391	4,685	4.00						17	15	18	29	3	135	131	42
7 Truck driver (heavy)	372	5,391	4.15							2	13	30		21	248	51
9 Carpenter	221	734	4.11								32	10	6	55	56	15
9 Painter	211	701	4.06				30	8		4	6	33	28	26	6	33
10 Electrician	521	2,854	4.43								30	9	36	61	92	98
10 Automotive mechanic	296	1,969	4.45								1	4	3	45	26	31
10 Diesel engine mechanic	72	727	4.75										1		43	8
10 Sheetmetal worker	104	2,324	4.39						8			1	11	8	5	20
10 Pipefitter	119	1,276	4.46										6	22	27	36
10 Welder	201	1,151	4.41									3	16	25	38	26
10 Machinist	602	6,324	4.24									40	110	30	108	169
13 Tool, die, and gage maker	662	7,153	4.92									36	10	38	73	20
14 Pattern maker	24	289	5.20											2	1	1
10 Aircraft mechanic	13	823	5.22													
10 Industrial electronic controls repairer	45	281	4.29										16	6	1	6
11 Electronic test equipment repairer	82	413	4.61										2	35	7	1
10 Machine repairman	523	2,761	4.23								9	9	73	131	74	78

COORDINATED FEDERAL WAGE SYSTEM
LOCALITY—CHICAGO, ILL., FEBRUARY 1970—Continued

Number of establishments (all divisions):
- Within scope of survey: 3,084
- Surveyed: 349

Workers in establishments (all divisions):
- Within scope of survey: 1,051,769
- Surveyed: 437,843

WG and Occupation	Total firms	Number of employees	Weighted average all firms	$4.40 to $4.59	$4.60 to $4.79	$4.80 to $4.99	$5.00 to $5.19	$5.20 to $5.39	$5.40 to $5.59	$5.60 to $5.79	$5.80 to $5.99	$6.00 to $6.19	$6.20 to $6.39	$6.40 to $6.59	$6.60 to $6.79	$6.80 to $6.99
				Distribution of plants by hourly rates for key jobs												
1 Janitor (light)	1,123	4,439	$2.82													
2 Janitor	1,009	7,214	2.94													
2 Laborer	891	13,720	2.91													
3 Laborer (heavy)	395	8,245	3.04													
4 Packer	587	3,382	2.93													
5 Helper (trades)	310	1,655	3.43													
5 Warehouseman	834	6,615	3.28	1	3											
5 Forklift operator	945	7,517	3.36													
5 Power truck operator	97	1,090	3.52													
5 Truck driver (light)	217	578	3.66													
6 Truck driver (medium)	391	4,685	4.00			1										
7 Truck driver (heavy)	372	5,391	4.15	7												
9 Carpenter	221	734	4.11	13	7	14			1			8		4		
9 Painter	211	701	4.06	11	11	5	2		2	6						
10 Electrician	521	2,854	4.43	71	41	18	27	20		2	3	4	2	7		
10 Automotive mechanic	296	1,969	4.45	123	59	2	2									
10 Diesel engine mechanic	72	727	4.75	3			17									
10 Sheetmetal worker	104	2,324	4.39	39	2	10										
10 Pipefitter	119	1,276	4.46	8	6	11	2	1								
10 Welder	201	1,151	4.41	40	3	45	5									
10 Machinist	602	6,324	4.24	44	71	25	4	1								
13 Tool, Die, and gage maker	662	7,153	4.92	95	104	69	99	58	25		35					
14 Pattern maker	24	289	5.20		3		5		5	6	1					
10 Aircraft mechanic	13	823	5.22			2	8	2		1						
10 Industrial electronic controls repairer	45	281	4.29	10	2	4										
11 Electronic test equipment repairer	82	413	4.61	9	3	4			19		2					
10 Machine repairman	523	2,761	4.23	79	27	10	1	1		31						


Pay Line
Central Trend Line
CHICAGO, ILLINOIS
UNIT LINE
FREQ LINE
ELBOW LINE
RECOMMENDED LINE
TRUCK DRIVER (HEAVY)
TRUCK DRIVER (MEDIUM)
TRUCK DRIVER (LIGHT)
Central Trend Pay Line
540
520
500
480
460
440
420
380
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VETERANS' ADMINISTRATION

REGULAR WAGE RATE SCHEDULES, COORDINATED FEDERAL WAGE SYSTEM—WAGE AREA, CHICAGO, ILL.

[The schedules of rates listed below are established under title 5 U.S.C. 5341(a) for wage employees covered by the coordinated Federal wage system. These rates are to be applied in accordance with instructions contained in FPM Supplement 532-1.]

Step grade	Minimum increase[1]	WG=nonsupervisory			WL=leader			WS=supervisory				
		1	2	3	1	2	3	1	2	3	4	5
1	$0.04	$2.69	$2.80	$2.91	$2.96	$3.08	$3.20	$3.71	$3.91	$4.12	$4.33	$4.53
2	.04	2.83	2.95	3.07	3.12	3.25	3.38	3.84	4.06	4.27	4.48	4.70
3	.04	3.00	3.12	3.24	3.29	3.43	3.57	4.00	4.22	4.44	4.66	4.88
4	.07	3.15	3.28	3.41	3.47	3.61	3.75	4.14	4.37	4.60	4.83	5.06
5	.12	3.32	3.46	3.60	3.66	3.81	3.96	4.30	4.54	4.78	5.02	5.26
6	.12	3.50	3.65	3.80	3.86	4.02	4.18	4.47	4.72	4.97	5.22	5.47
7	.12	3.69	3.84	3.99	4.05	4.22	4.39	4.64	4.90	5.16	5.42	5.68
8	.11	3.86	4.02	4.18	4.24	4.42	4.60	4.81	5.07	5.34	5.61	5.87
9	.11	4.04	4.21	4.38	4.44	4.63	4.82	4.98	5.25	5.53	5.81	6.08
10	.11	4.22	4.40	4.58	4.65	4.84	5.03	5.15	5.43	5.72	6.01	6.29
11	.12	4.40	4.58	4.76	4.84	5.04	5.24	5.32	5.61	5.91	6.21	6.50
12	.14	4.58	4.77	4.96	5.04	5.25	5.46	5.54	5.84	6.15	6.46	6.77
13	.16	4.76	4.96	5.16	5.24	5.46	5.68	5.81	6.13	6.45	6.77	7.10
14	.14	4.94	5.15	5.36	5.44	5.67	5.90	6.13	6.47	6.81	7.15	7.49
15	.12	5.12	5.33	5.54	5.63	5.86	6.09	6.50	6.86	7.22	7.58	7.94
16								6.92	7.31	7.69	8.07	8.46
17								7.40	7.81	8.22	8.63	9.04
18								7.92	8.36	8.80	9.24	9.68
19								8.50	8.97	9.44	9.91	10.38

[1] Upon mechanical conversion to the CFWS, each nonsupervisory, leader, and supervisory employee will receive an increase over his current aggregate rate of pay which is no less than the amount shown for his new grade in this column, except that the minimum increase for each supervisory employee in grades WS-11 through 19 will be $0.11. If special rates are required by sec. 4 of Public Law 90-560, Oct. 12, 1968, such rates will be authorized later, effective retroactively to the same date shown below. To be effective at the beginning of the 1st pay period which begins on or after Apr. 16, 1970.

Note: Shift differentials: 2d shift, 17 cents; 3d shift, 20 cents.

ANALYSIS OF DATA

Mr. GRINER. In order to simplify my oral presentation this morning, I have had three typical jobs identified by asteriated lines on all three insertions.

They happen to be truckdriver, light; truckdriver, medium; and truckdriver, heavy.

I have chosen these three entries because they are convenient as well as representative illustrations. First of all, private enterprises employing 10,654 blue collar truckdrivers were surveyed. Secondly, in the Federal blue collar system, these jobs cover three grades—WG-5, for truckdriver, light; WG-6, for truckdriver, medium; and WG-7, for truckdriver, heavy.

While I could have chosen any other occupation at random, I believe that the committee will find that the results and conclusions would have been the same.

The first overwhelming fact that emerges is that the table of the actual surveys of private enterprise rates show that for all three levels of truckdriver there is a wide range of rates in private enterprise.

Their recapitulation and tabulation follows:

Job	Actual range of rates	Rate spread	Weighted average
Truckdriver (light)	$2.80-$4.39	$1.59	$3.66
Truckdriver (medium)	2.80-4.99	2.19	4.00
Truckdriver (heavy)	3.00-4.59	1.59	4.15

Converted into percentage terms, the spread of the range of rates in the community from bottom to top was the following:

	Percent
Truckdriver (light)	57
Truckdriver (medium)	78
Truckdriver (heavy)	53

Senator FONG. How do you arrive at your weighted average?

Mr. GRINER. The weighted average is derived from two documents; it appears on graph in insert No. 2, Senator, which is on page 7. This weighted average reflects the number of actual jobs surveyed multiplied by the number of people, and by the rates that each proportionate group receives.

Senator FONG. Thank you.

Mr. GRINER. You will also find the weighted average in insertion No. 1, Senator; you will find there truckdriver, light; truckdriver, medium; and truckdriver, heavy; these are the three we selected, and these rates are the actual official figures taken from a recent survey conducted officially in Chicago.

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

As the second extraordinary fact, we should note that the top rates in private enterprise exceed the private enterprise weighted average, or prevailing rate, by 20 percent for light truckdrivers; 25 percent for medium; and 10 percent for heavy.

This relation in the private enterprise community of top pay to the average prevailing rate duplicates almost precisely the 20-percent range in the white collar statutory systems of the top step over the pay line.

The pay line in white collar is the fourth step, as you know.

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

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

UNDERPAYING FEDERAL TRUCKDRIVERS IN CHICAGO

I should like now to compare actual private enterprise rates paid in Chicago with the official prevailing rate which the Federal Government pays its truckdrivers. As shown by the following table, Federal truckdrivers are regularly underpaid.

	Federal pay rate		Private enterprise pay rate	
	Pay line	Top step	Average	Top pay
Truck driver:				
Light, WG-5	$3.46	$3.60	$3.66	$4.39
Medium, WG-6	3.65	3.80	4.00	4.99
Heavy, WG-7	3.84	3.99	4.15	4.59

Senator BELLMON. Mr. Chairman, do these figures include fringe benefits?

Mr. GRINER. No.

The CHAIRMAN. In neither private nor Government?

Mr. GRINER. Neither one. I think the fringe benefits were found over the last few years for which they were computed to be about equal in private industry as against Federal.

In every case, we find that the top Federal rate paid to Federal truckdrivers in the Chicago area is lower than the average in private enterprise.

Moreover, we find that the top rate of private enterprise exceeds the top rate in the Federal system by $0.79 per hour, or 22 percent for light truckdrivers; by $1.19 per hour, or 31.3 percent for medium truckdrivers; and by $0.60 per hour, or 15 percent for heavy truckdrivers.

PRIVATE ENTERPRISE RATES UNIVERSALLY SHOW A SPREAD OF MORE THAN 30 PERCENT

The facts we have uncovered in Chicago are universally true throughout the country. The Federal Government has consistently received data during the last 4 years showing that the spread of the range of rates exceeds 30 percent.

Moreover, this consistent spread holds true for the lowest, the intermediate, and the highest levels of blue collar pay.

I request permission to attach to my statement, as annex I, the record of additional surveys of private enterprise rates for New York, N.Y.; San Francisco, Calif.; and for Washington, D.C.

The CHAIRMAN. Those will be made a part of the record here.

(The documents follow:)

ANNEX I(a)

SURVEY SUMMARY COORDINATED FEDERAL WAGE SYSTEM, NEW YORK, N.Y., JANUARY–FEBRUARY, 1969

Number of establishments (all divisions):

Within scope of survey	6,219
Surveyed	364

Workers in establishments (all divisions):

Within scope of survey	1,363,749
Surveyed	377,045

DISTRIBUTION OF PLANTS BY HOURLY RATES FOR KEY JOBS (in dollars)

Occupation	Total firms	Number of employees	Weighted average all firms	1.60 to 1.69	1.70 to 1.79	1.80 to 1.89	1.90 to 1.99	2.00 to 2.09	2.10 to 2.19	2.20 to 2.29	2.30 to 2.39	2.40 to 2.49	2.50 to 2.59	2.60 to 2.69	2.70 to 2.79	2.80 to 2.89	2.90 to 2.99	3.00 to 3.09	3.10 to 3.19	3.20 to 3.29
Janitor (light)	1,200	4,353	2.45	125	35	24	104	221	76	12	129	116	50	49	139	81	17	4	18	------
Janitor	653	6,547	2.78	------	------	2	57	81	48	42	20	88	82	43	37	10	67	18	30	17
Laborer	570	9,136	2.61	------	12	62	7	68	24	16	36	1	110	26	61	69	10	30	7	9
Laborer (heavy)	458	12,085	3.01	------	------	------	48	------	------	21	28	8	10	82	62	2	29	28	7	24
Packer	667	3,881	2.52	------	8	------	------	20	20	176	82	8	60	43	74	42	42	41	28	------
Helper (trades)	422	3,745	3.24	------	------	1	------	8	1	------	20	9	15	1	1	50	10	82	42	70
Warehouseman	1,102	7,610	3.14	------	------	80	4	4	------	------	68	52	81	41	108	5	89	67	170	21
Fork lift operator	582	3,082	3.24	------	------	------	20	------	------	32	24	12	10	22	61	62	17	92	6	60
Power truck operator	98	513	3.22	------	------	------	------	------	------	------	------	------	------	8	1	------	22	20	20	24
Truck driver (light)	283	640	2.94	------	------	------	------	20	------	------	------	24	23	48	38	16	13	18	4	46
Truck driver (medium)	529	3,769	3.45	------	------	------	------	------	------	16	40	8	62	8	43	1	------	63	------	19
Truck driver (heavy)	591	9,317	3.95	------	------	------	------	------	------	------	------	------	------	------	28	------	1	------	2	28
Carpenter	243	853	3.65	------	------	------	------	------	------	------	------	------	------	------	------	10	20	10	8	11
Painter	222	1,038	3.60	------	------	------	------	------	------	------	------	------	------	------	------	1	15	7	16	41
Electrician	549	1,910	3.93	------	------	------	------	------	------	------	------	------	------	------	------	20	------	20	22	30
Automotive mechanic	411	2,321	4.00	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	1	------
Diesel engine mechanic	73	762	4.14	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------
Sheetmetal worker	256	1,790	3.76	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	8	30
Pipefitter	101	494	3.98	------	------	------	------	------	------	------	------	------	------	------	------	------	------	1	------	3
Welder	386	1,867	3.64	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	30
Machinist	1,018	11,145	3.88	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	20	20
Tool, die and gage maker	427	2,105	4.16	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------
Patternmaker	56	112	4.56	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------

NOTE.—Weighted averages reflect straight time earnings only.

ANNEX I(a)—Continued

SURVEY SUMMARY COORDINATED FEDERAL WAGE SYSTEM, NEW YORK, N.Y., JANUARY-FEBRUARY, 1969

DISTRIBUTION OF PLANTS BY HOURLY RATES FOR KEY JOBS (in dollars)

Occupation	Total firms	Number of employees	Weighted average all firms	3.30 to 3.39	3.40 to 3.49	3.50 to 3.59	3.60 to 3.69	3.70 to 3.79	3.80 to 3.89	3.90 to 3.99	4.00 to 4.09	4.10 to 4.19	4.20 to 4.29	4.30 to 4.39	4.40 to 4.49	4.50 to 4.59	4.60 to 4.69	4.70 to 4.79	4.80 to 4.89	4.90 to 4.99
Janitor (light)	1,200	4,353	2.45																	
Janitor	653	6,547	2.78		2		1				2	2	2						2	
Laborer	570	9,136	2.61	6	9	1						2						2	2	
Laborer (heavy)	458	12,085	3.01	1	1	60	1	40												
Packer	667	3,881	2.52	3	20															
Helper (trades)	422	3,745	3.24	48	47	4	9	1			1									
Warehouseman	1,102	7,610	3.14	17	40	29	41	81	1			1						2		
Fork lift operator	582	3,082	3.24	39	40	9	21	50				1						2	2	
Power truck operator	98	513	3.22				1								2					
Truck driver (light)	283	640	2.94	4	4	9				16										
Truck driver (medium)	529	3,769	3.45	42	54	49	82		40										2	
Truck driver (heavy)	591	9,317	3.95	13	120	22	47	107	68	120		18		2						
Carpenter	243	853	3.65	56	8	17	15	19	15	1	21	6	1	9	3	1			2	
Painter	222	1,038	3.60		23	18	68	13	4	1	5		1	1	1	1	2			
Electrician	549	1,910	3.93	62	64	76	40	22	46	7	61	7	9	7	8	2	2		2	
Automotive mechanic	411	2,321	4.00		36	15	5	12	98	43	67	12	56		1	41				
Diesel engine mechanic	73	762	4.14				40		20	1	8		2							
Sheetmetal worker	256	1,790	3.76	6	53	71	25	21	6	8	3		21			1	1		2	
Pipefitter	101	494	3.98		3	14	5	9	9	4	44	1	1			2		1		
Welder	386	1,867	3.64	2	60	47	4	143		44	3	42	1	4		3	1			
Machinist	1,018	11,145	3.88	11	156	24	55	75	123	124	129	29	108		21	41	5	1	2	
Tool, die and gage maker	427	2,105	4.16		2		21	52	31	12	50	24	78	92	1		40			
Patternmaker	56	112	4.56								2		13				1	40		

NOTE.—Weighted averages reflect straight time earnings only.

ANNEX I(a)—Continued

SURVEY SUMMARY COORDINATED FEDERAL WAGE SYSTEM, NEW YORK, N.Y., JANUARY–FEBRUARY, 1969

DISTRIBUTION OF PLANTS BY HOURLY RATES FOR KEY JOBS (in dollars)

Occupation	Total firms	Number of employees	Weighted average all firms	5.00 to 5.09	5.10 to 5.19	5.20 to 5.29	5.30 to 5.39	5.40 to 5.49	5.50 to 5.59	5.60 to 5.69	5.70 to 5.79	5.80 to 5.89	5.90 to 5.99	6.00 to 6.09	6.10 to 6.19	6.20 to 6.29	6.30 to 6.39	6.40 to 6.49	6.50 to 6.59
Janitor (light)	1,200	4,353	2.45																
Janitor	653	6,547	2.78																
Laborer	570	9,136	2.61																
Laborer (heavy)	458	12,085	3.01						6										
Packer	667	3,881	2.52																
Helper (trades)	422	3,745	3.24	2															
Warehouseman	1,102	7,610	3.14																
Fork lift operator	582	3,082	3.24																
Power truck operator	98	513	3.22																
Truck driver (light)	283	640	2.94																
Truck driver (medium)	529	3,769	3.45																
Truck driver (heavy)	591	9,317	3.95			6			9										
Carpenter	243	853	3.65			4	2												4
Painter	222	1,038	3.60			2	2												
Electrician	549	1,910	3.93			10		6	2	22						2			
Automotive mechanic	411	2,321	4.00	20	2	2													
Diesel engine mechanic	73	762	4.14				2												
Sheetmetal worker	256	1,790	3.76																
Pipefitter	101	494	3.98			2							2						
Welder	386	1,867	3.64			2													
Machinist	1,018	11,145	3.88		2	30	2	40											
Tool, die and gage maker	427	2,105	4.16	24															
Patternmaker	56	112	4.56																

NOTE.—Weighted averages reflect straight time earnings only.

ANNEX I(b)

COORDINATED FEDERAL WAGE SYSTEM WAGE AREA [1] SAN FRANCISCO, CALIF., MONTH OF SURVEY SEPTEMBER-OCTOBER 1970

	Job title	Total number of establishments (WTD)	Number of employees		WTD average all establishments [2]	Distribution of establishments by hourly rates for key jobs (in dollars)																	
			UNWTD	WTD		2.50 to 2.59	2.60 to 2.69	2.70 to 2.79	2.80 to 2.89	2.90 to 2.99	3.00 to 3.09	3.10 to 3.19	3.20 to 3.29	3.30 to 3.39	3.40 to 3.49	3.50 to 3.59	3.60 to 3.69	3.70 to 3.79	3.80 to 3.89	3.90 to 3.99	4.00 to 4.09	4.10 to 4.19	4.20 to 4.29
1	Janitor (light)	189	315	858	$3.36	2	7	2	1	17	17	27	7	26	30	31	2	8	------	3	------	2	------
2	Janitor	342	1,431	2,817	3.44	------	2	17	11	10	17	27	19	19	47	36	19	30	29	14	8	36	------
2	Laborer	225	815	3,844	3.57	21	------	20	8	8	5	25	4	1	7	22	26	15	------	18	2	11	6
3	Laborer (heavy)	194	906	3,214	4.02	------	------	------	------	1	22	14	3	27	4	14	19	10	5	------	3	38	------
4	Packer	183	246	1,054	3.80	------	------	------	------	------	4	18	------	10	20	2	3	43	16	1	10	55	1
5	Helper (trades)	96	1,158	1,541	3.68	------	------	------	------	------	------	------	1	21	1	1	14	12	19	17	3	2	1
5	Warehouseman	617	1,129	5,211	4.21	------	------	------	------	8	10	16	10	20	72	3	7	67	37	56	52	102	31
5	Fork lift operator	513	1,102	3,891	3.99	------	------	------	------	------	------	------	20	12	25	3	6	98	25	70	50	18	104
5	Power truck operator	11	63	103	3.61	------	------	------	------	------	------	3	------	------	------	1	------	------	------	7	------	------	------
5	Truck driver, light	132	204	422	3.92	------	------	------	15	------	1	3	12	6	------	4	5	4	7	21	24	1	21
6	Truck driver, medium	162	560	1,240	4.45	------	------	------	------	------	------	1	1	------	------	------	1	23	5	2	8	1	------
7	Truck driver, heavy	174	621	1,996	4.70	------	------	------	------	------	------	------	5	------	------	------	------	2	------	6	8	------	2
9	Carpenter	110	148	275	4.63	------	------	------	------	------	------	------	------	------	1	------	------	------	------	------	2	2	10
9	Painter	139	199	371	4.64	------	------	------	------	------	------	------	------	------	1	------	------	5	2	3	2	------	10
9	Plumber	8	87	88	4.74	------	------	------	------	------	------	------	------	------	------	1	------	------	------	------	------	1	------
8	Truck driver, heavy truck	309	1,120	5,500	4.85	------	------	------	------	------	------	------	------	------	1	------	------	21	------	------	------	15	------
10	Electrician	251	654	1,150	5.01	------	------	------	------	------	------	------	------	------	------	------	------	------	------	1	8	------	12
10	Automotive mechanic	197	342	910	5.10	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	1	2	------
10	Diesel engine mechanic	80	194	506	5.53	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------
10	Sheetmetal worker	106	358	1,105	6.10	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	1
10	Pipefitter	46	201	410	4.59	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	1
10	Welder	85	381	987	4.56	------	------	------	------	------	------	------	------	------	------	1	------	------	------	------	1	------	10
10	Machinist	311	1,467	3,915	4.84	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	2
10	Aircraft mechanic	10	1,881	2,196	5.10	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	2
11	Electronic test equipment representative	41	265	364	5.01	------	------	------	------	------	------	------	------	------	------	------	------	------	1	------	------	------	------
10	Pipefitter, ship	4	69	102	4.34	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------
10	Shipfitter	4	91	120	4.34	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------
10	Machinist, marine	4	145	197	4.34	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------
10	Independent electronic controls representative	40	103	227	4.66	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------
10	Rigger	25	53	89	4.80	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	10	------	------
10	Power plant controlman	89	105	427	4.89	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	7	3	10
11	Electronic equipment mechanic	80	351	864	4.98	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	4	3
12	Electronics mechanic, aircraft systems	3	82	82	5.34	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------
12	Electronic computer maintenance man	25	276	779	5.09	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------
10	Electrician, ship	4	96	163	4.34	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------
13	Tool, die, gage maker	147	476	1,020	5.68	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------
14	Patternmaker	6	24	34	6.47	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------

See footnote at end of table.

ANNEX I(b)—Continued

COORDINATED FEDERAL WAGE SYSTEM WAGE AREA[1] SAN FRANCISCO, CALIF., MONTH OF SURVEY SEPTEMBER-OCTOBER 1970

	Job title	Total number of establishments (WTD)	Number of employees		WTD average all establishments[2]	Distribution of establishments by hourly rates for key jobs															
			UNWTD	WTD		4.30 4.39	4.40 4.49	4.50 4.59	4.60 4.69	4.70 4.79	4.80 4.89	4.90 4.99	5.00 5.09	5.10 5.19	5.20 5.29	5.30 5.39	5.40 5.49	5.50 5.59	5.60 5.69	5.70 5.79	5.80 5.89	5.90 5.99
1	Janitor (light)	189	315	858	$3.36				7												
2	Janitor	342	1,431	2,817	3.44				1												
2	Laborer	225	815	3,844	3.57		10	10	3	3											
3	Laborer (heavy)	194	906	3,214	4.02	3	7		10	14											
4	Packer	183	246	1,054	3.80																
5	Helper (trades)	96	1,158	1,541	3.68			4													
5	Warehouseman	617	1,129	5,211	4.21	33	30	14		15	10	10					1		13		
5	Fork lift operator	513	1,102	3,891	3.99	10	20	10		15	8	16			3						
5	Power truck operator	11	63	103	3.61																
5	Truck driver, light	132	204	422	3.92				1	6				1							
6	Truck driver, medium	162	560	1,240	4.45		17	40	17	40		6									
7	Truck driver, heavy	174	621	1,996	4.70			1	74	56	13							7			
9	Carpenter	110	148	275	4.63	17	10	8	8	5	26	1		4		4	1				1
9	Painter	139	199	371	4.64	19	21	7	2	21	14		1	3		7	1				
9	Plumber	8	87	88	4.74		2			1					1	1			1		
8	Truck driver, heavy tr	309	1,120	5,500	4.85	21		23		79	117	2	7	12				11			
10	Electrician	251	654	1,150	5.01	17	18	12	19	1	47	13	17	23	10	10	19				
10	Automotive mechanic	197	342	910	5.10	21	7	7	19	1			31	6	16	22	10	19		14	11	10
10	Diesel engine mechanic	80	194	506	5.53	1			3				9	10	7	8	21			7		1
10	Sheetmetal worker	106	358	1,105	6.10	22	4	4	4	12	5	2	10	1		2	1					
10	Pipefitter	46	201	410	4.59	17		13	2	2	1	1						9				1
10	Welder	85	381	987	4.56	22	7	8	14	12	5	1		1	1	1						2
10	Machinist	311	1,467	3,915	4.84	17	21	9	18	54	49	24	14	38	23	10	9		7		1	--
10	Aircraft mechanic	10	1,881	2,196	5.10		3							1	2		2					
11	Electronic test equipment representative	41	265	364	5.01		3	2	2	2	1	15	11			3		1				--
10	Pipefitter, ship	4	69	102	4.34	4																
10	Shipfitter	4	91	120	4.34	4																
10	Machinist, Marine	4	145	197	4.34	4																
10	Independent electronic controls representative	40	103	227	4.66	29	1	1	3	2		1	1	1				1				
10	Rigger	25	53	89	4.80	1	1	4														
10	Power plant controlman	89	105	427	4.89	11	7	24	10	1	1					6			3			
11	Electronic equipment mechanic	80	351	854	4.98		5		19	5	11		9	6	1	12	1		3	1		
12	Electronics mechanic, aircraft systems	3	82	82	5.34										1	1	1					
12	Electronic computer maintenance	25	276	779	5.09			3	4								1	5				
10	Electrician, ship	4	96	163	4.34	4																
13	Tool, die, gage maker	147	476	1,020	5.68		1	1		1	1		14	12	9	1	19	8	27	22	19	
14	Patternmaker	6	24	34	6.47																	

See footnote at end of table.

ANNEX I(b)—Continued

COORDINATED FEDERAL WAGE SYSTEM WAGE AREA [1] SAN FRANCISCO, CALIF., MONTH OF SURVEY SEPTEMBER–OCTOBER 1970

	Job title	Total Number of establishments (WTD)	Number of employees		WTD average all establishments [2]	Distribution of establishments by hourly rates for key jobs															
			UNWTD	WTD		6.00 6.09	6.10 6.19	6.20 6.29	6.30 6.39	6.40 6.49	6.50 6.59	6.60 6.69	6.70 6.79	6.80 6.89	6.90 6.99	7.00 7.09	7.10 7.19	7.20 7.29	7.30 7.39	7.40 7.49	7.50 7.59	Above 8.00
1	Janitor (light)	189	315	858	$3.36																
2	Janitor	342	1,431	2,817	3.44																
2	Laborer	225	815	3,844	3.57																
3	Laborer (heavy)	194	906	3,214	4.02																
4	Packer	183	246	1,054	3.80																
5	Helper (trades)	96	1,158	1,541	3.68																
5	Warehouseman	617	1,129	5,211	4.21																
5	Fork lift operator	513	1,102	3,891	3.99																
5	Power truck operator	11	63	103	3.61																
5	Truck driver, light	132	204	422	3.92																
6	Truck driver, medium	162	560	1,240	4.45																
7	Truck driver heavy	174	621	1,996	4.70																
7	Carpenter	110	148	275	4.63									9		1					
9	Painter	139	199	371	4.64						6			13							1	
9	Plumber	8	87	88	4.74																
8	Truck driver, heavy truck	309	1,120	5,500	4.85																
10	Electrician	251	654	1,150	5.01	13						2								3	6
10	Automotive mechanic	197	342	910	5.10																
10	Diesel engine mechanic	80	194	506	5.53	13															
10	Sheetmetal worker	106	358	1,105	6.10								21	8			9				
10	Pipefitter	46	201	410	4.59																
10	Welder	85	381	987	4.56																
10	Machinist	311	1,467	3,915	4.84	13															
10	Aircraft mechanic	10	1,881	2,196	5.10																
11	Electronic test equipment representative	41	265	364	5.01																
10	Pipefitter, ship	4	69	102	4.34																
10	Shipfitter	4	91	120	4.34																
10	Machinist, marine	4	145	197	4.34																
10	Independent electronic controls representative	40	103	227	4.66																
10	Rigger	25	53	89	4.80									9							
10	Power plant controlman	89	105	427	4.89	6															
11	Electronic equipment mechanic	80	351	864	4.98																
12	Electronics mechanic aircraft systems	3	82	82	5.34																
12	Electronic computer maintenance man	25	276	779	5.09		12														
10	Electrician, ship	4	96	163	4.34																
13	Tool, die, gage maker	147	476	1,020	5.68	4		7		1											
14	Patternmaker	6	24	34	6.47	3					1	1						1			

[1] Based on data from: Alameda, Contra Costa, Marin, San Francisco, San Mateo, and Santa Clara Counties California.

[2] Weighted averages shown are based on straight time hourly rates.

Note: Number of establishments (all divisions) within scope of survey, 1,335; surveyed, 201
Workers in establishments (all divisions) within scope of survey, 383,886; surveyed, 177,833.

ANNEX I(c)

COORDINATED FEDERAL WAGE SYSTEM BY AREA [1]—WASHINGTON D.C. SEPTEMBER-OCTOBER 1970

Number of establishments (all divisions):
Within scope of survey 364
Surveyed 103

Workers in establishments (all divisions):
Within scope of survey 108,219
Surveyed 66,325

Job title	Total number of establishments (weighted)	Number of employees: Unweighted	Number of employees: Weighted	Weighted average, all establishments	160 to 179	180 to 199	200 to 219	220 to 239	240 to 259	260 to 279	280 to 299	300 to 319	320 to 339	340 to 359	360 to 379	380 to 399	400 to 419
					Distribution of establishments by hourly rates for key jobs												
Janitor (light)	48	138	210	2.37		7	15	8	9	4	2	3					
Janitor	86	590	847	3.05			4	22	18	8	6	5	7	7	2	3	4
Laborer	29	161	627	2.80	8	5		6		4	1					5	
Laborer (heavy)	77	507	1,297	3.11			5	19	4	18	6	15	1	6	2		
Packer	14	24	45	2.95						1	4		9				
Helper (trades)	24	245	316	3.32				5		4	1	5		2			3
Warehouseman	42	109	178	3.58					2	5	13	2	4	4	4	2	2
Forklift operator	50	45	170	2.99				1	13	4	14	5	1	6		5	
Truckdriver (light)	52	97	433	3.08				12	13	7	6	3	6		5		
Truckdriver (medium)	51	183	631	3.29				9		7	6	14	10			3	
Truckdriver (heavy)	64	255	1,049	3.45			8	4	2		13	10	9	10	4	4	
Carpenter	16	21	29	4.23										1	4		9
Painter	16	36	45	4.48										3	7	3	
Electrician	22	65	84	4.37												1	2
Automotive mechanic	50	307	715	4.29								2		4	10		13
Diesel engine mechanic	4	24	31	4.45													1
Sheetmetal worker	36	41	105	4.22										2	2	5	
Pipefitter	3	11	11	4.28													1
Welder	14	14	32	4.17										1	1	5	3
Machinist	47	135	279	4.15										2	8	3	19
Aircraft mechanic	12	221	376	5.45													
Electrical lineman	6	53	89	4.72													
Electrical test equipment repairer	6	24	31	4.63													
Electrical equipment mechanic	10	443	461	4.11											1		4
Model maker (machining)	16	38	61	4.64													
Operating engineer (steam)	12	18	40	4.67													
Refrigeration and air-condition mechanic	4	129	130	5.05													

See footnote at end of table.

ANNEX I(c)—Continued

COORDINATED FEDERAL WAGE SYSTEM BY AREA [1]—WASHINGTON, D.C., SEPTEMBER-OCTOBER 1970

Number of establishments (all divisions):
Within scope of survey 364
Surveyed 103

Workers in establishments (all divisions):
Within scope of survey 108,219
Surveyed 66,325

Job title	Total number of establishments (weighted)	Number of employees: Unweighted	Number of employees: Weighted	Weighted average, all establishments	420 to 439	440 to 459	460 to 479	480 to 499	500 to 519	520 to 539	540 to 559	560 to 579	580 to 599	600 to 619	620 to 639	640 to 659	660 to 679
Janitor (light)	48	138	210	2.37													
Janitor	86	590	847	3.05													
Laborer	29	161	627	2.80													
Laborer (heavy)	77	507	1,297	3.11		1											
Packer	14	24	45	2.95													
Helper (trades)	24	245	316	3.32	4												
Warehouseman	42	109	178	3.58		1	3										
Forklift operator	50	45	170	2.99	1												
Truckdriver (light)	52	97	433	3.08													
Truckdriver (medium)	51	183	631	3.29		2											
Truckdriver (heavy)	64	255	1,049	3.45													
Carpenter	16	21	29	4.23				2									
Painter	16	36	45	4.48			1	1									1
Electrician	22	65	84	4.37	1	14	1	1				2					
Automotive mechanic	50	307	715	4.29	3	7	6	5									
Diesel engine mechanic	4	24	31	4.45		2		1									
Sheetmetal worker	36	41	105	4.22	22				5								
Pipefitter	3	11	11	4.28	1		1										
Welder	14	14	32	4.17				3			1						
Machinist	47	135	279	4.15	8			2	5								
Aircraft mechanic	12	221	376	5.45						4		8					
Electrical lineman	6	53	89	4.72		5		1									
Electrical test equipment repairer	6	24	31	4.63	2		1	3									
Electrical equipment mechanic	10	443	461	4.11			5										
Model maker (machining)	16	38	61	4.64	2	7	2	5									
Operating engineer (steam)	12	18	40	4.67	3	5	2			2							
Refrigeration and air-condition mechanic	4	129	130	5.05	2		1		1								

[1] Based on data from: Washington, D.C.; Montgomery and Prince Georges Counties, Md.; Arlington, Fairfax, Loudoun, Prince Williams, Alexandria, and alls Church, Va.

Mr. GRINER. These all show the same results regarding private enterprise blue collar ranges of rates. In every wage grade classification surveyed, they exceed 30 percent.

For the sake of convenient review, I have chosen from these three surveys in annex I the range of rates for WG–1; WG–5; WG–10; and WG–13. I have listed hereunder these results alongside the range of rates in those grades in Chicago. They follow:

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

[1] Confidential data.

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

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

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

THE STRAIGHTENED STATISTICAL SERPENT

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

As the graph for Chicago shows, the private enterprise rates are scattered all over, resembling the pattern of a statistical serpent weaving its path across the chart.

There is really no consistent clear trend in them from any one grade to another grade. But the Federal statistician is required by the administration to derive a central intergrade trend which will fix the relationships of all blue-collar grades, WG–1 through WG–15, to each other.

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

It is not generally known but for both statutory and blue collar systems, the statisticians have selected largely similar "uniform line" formulas to establish intergrade central trends.

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

In the case of blue collar workers, the method that is being used to draw the "trend" or "pay line" is known as the "method of least squares".

That "method" is a very complex one and not a good subject for oral presentation.

I therefore ask permission to incorporate all the relevant material on this "method" as annex II to my statement.

Regarding the method of least squares, I don't know why they adopted that method, but that is what they and we and you and the President are talking about whenever we speak of blue collar "prevailing rates".

A long time ago, over a number of years, I would not like to recall, I studied algebra; and I recall that these "squares" came about quite frequently in my algebra problems which caused me a lot of work because I never quite understood the algebra book being used. I don't understand this much better today so all I do is go by what they say.

Senator RANDOLPH. Mr. Chairman, I find always though that John understands long division. [Laughter.]

Mr. GRINER. Well, if it is to my advantage to do so here, I will have to agree with you, Senator.

The CHAIRMAN. That will be made a part of the record.

(The documents follow:)

ANNEX II

APPENDIX G. COMPUTING A WAGE TREND LINE

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

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

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

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

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

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

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

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

Y = computed value of trend
a = the value of the line at its origin
b = intergrade differential
x = any grade level

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

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

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

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

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

$$a=1.89900$$

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

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

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

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

$$b=\frac{550.68}{4140}$$

$$b=0.13301$$

To determine the wage rate for any given grade level the values for "a" and "b" are substituted in the original formula of $Y=a+bx$.
Inserted in the place of x is the grade to be computed. For example, for grade 1:

$Y=a+bx=1.89900+(.13301)(1)=2.0320$ (2.03)
grade 5: $Y=a+bx=1.89900+(.13301)(5)=2.5640$ (2.56)
grade 10: $Y=a+bx=1.89900+(.13301)(10)=3.2291$ (3.23)

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

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

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

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

EXHIBIT 1. COMPUTATION SHEET

	Unit line					Frequency line				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Example survey job	Survey job grade	Weighted average	(2)×(3)	(2) squared	Number of survey job matches	(6)×(2)	(6)×(3)	(6)×(4)	(6)×(5)
n	x	y	xy	x^2	f	fx	fy	fxy	fx^2
A	1	$2.06	$2.06	1	894				
B	2	2.27	4.54	4	34				
C	3	2.38	7.14	9	214				
D	4	2.24	8.96	16	36				
E	5	2.56	12.80	25	229				
F	5	2.62	13.10	25	199				
G	5	2.35	11.75	25	35				
H	6	2.51	15.06	36	235				
I	6	2.96	17.76	36	224				
J	9	3.18	28.62	81	97				
K	9	3.08	27.72	81	102				
L	10	3.23	32.30	100	254				
M	10	3.30	33.00	100	222				
N	10	3.13	31.30	100	289				
O	10	3.20	32.00	100	56				
P	11	3.40	37.40	121	342				
Q	13	3.52	45.76	169	347				
R	13	3.75	48.75	169	41				
E—18	132	51.74	410.02	1,198	3,850	25,624	10,748.94	79,952.96	236,804

n=number of survey jobs
x=grade
y=weighted average
f=number of survey job matches
E=summation

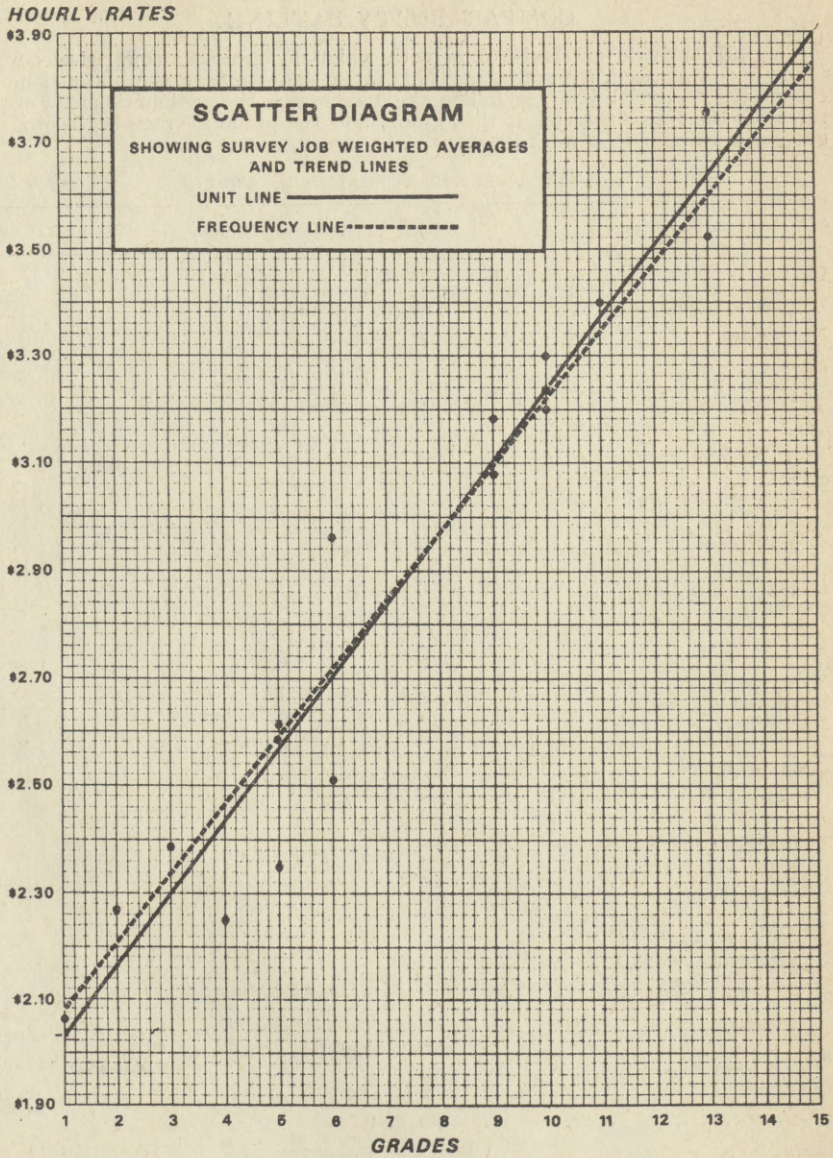

Exhibit 2. Scatter Diagram

[From "The Federal Salary Comparability Process" issued jointly by the Office of Management and Budget; and Civil Service Commission, January 1971]

COMPARABILITY PAYLINE

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

TABLE 5.—1970 PRIVATE ENTERPRISE RATES

Grade and Occupation	Rate
GS-1:	
File clerk I	$4,119
Office boy or girl	4,548
Average	4,334
GS-2:	
File clerk II	4,571
Keypunch operator I	5,114
Typist I	4,717
Average	4,801
GS-3:	
Engineering technician I	6,298
Keypunch supervisor I	6,883
Draftsman-tracer	5,675
Accounting clerk I	5,268
File clerk III	5,508
Keypunch operator II	5,820
Stenographer, general	5,478
Typist II	5,471
Average	5,800
GS-4:	
Engineering technician II	7,520
Keypunch supervisor II	7,763
Draftsman I	6,805
Accounting clerk II	6,815
Secretary I	6,259
Stenographer, senior	6,247
Average	6,902
GS-5:	
Accountant I	8,503
Auditor I	8,894
Buyer I	8,512
Job analyst I	8,938
Chemist I	9,164
Engineer I	10,209
Engineering technician III	8,541
Keypunch supervisor III	8,297
Draftsmen II	8,364
Secretary II	6,979
Average	8,640
GS-6:	
Keypunch supervisor IV	9,894
Secretary III	7,506
Average	8,700
GS-7:	
Accountant II	9,609
Auditor II	9,955
Buyer II	9,759
Job analyst II	9,571
Chemist II	10,233
Engineer II	11,077
Engineering technican IV	9,837
Draftsman III	10,204
Secretary IV	8,147
Average	9,821
GS-9:	
Accountant III	10,686
Auditor III	11,475
Attorney I	11,859
Buyer III	11,665
Job analyst III	11,183
Chemist III	11,737
Engineer III	12,350
Engineering technician V	11,043
Average	11,500
GS-11:	
Accountant IV	12,755
Auditor IV	14,044
Chief accountant I	13,917
Attorney II	13,585
Buyer IV	13,895
Job analyst IV	13,035
Director of personnel	12,593
Chemist IV	14,218
Engineer IV	14,695
Average	13,637
GS-12:	
Accountant V	15,471
Chief accountant II	15,647
Attorney III	16,884
Director of personnel II	14,832
Chemist V	17,066
Engineer V	17,004
Average	16,152
GS-13:	
Chief accountant III	18,780
Attorney IV	20,304
Director of personnel III	18,419
Chemist VI	19,700
Engineer VI	19,471
Average	19,335
GS-14:	
Chief accountant IV	23,133
Attorney V	25,391
Director of personnel IV	21,920
Chemist VII	22,937
Engineer VII	22,328
Average	23,142
GS-15:	
Attorney VI	33,032
Chemist VIII	27,731
Engineer VIII	25,393
Average	28,719

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

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

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

A payline is a series of rates, with one rate for each grade and with the rates having approximately the same meaning at all grades. The entry rates for the grades, for instance, would constitute a payline. The main purpose of the payline is to define the pay distinctions between grades, expressed as intergrade differentials. It is also a succinct form for expressing pay facts, pay findings and pay proposals, and for making pay comparisons.

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

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

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

Applied to the 1970 private enterprise grade averages the formula produced the payline shown in Table 6. The payline carries out fully both of the principles to be served. It reflects the central tendency of the private enterprise grade averages, as required by the comparability principle, and its uniform sized intergrade differentials provides pay distinctions in keeping with intergrade work

distinctions. However, the line has grave practical disadvantages. It cuts 24 percent below the average of the several professional and administrative occupations surveyed at GS–5, so that a pay schedule derived from the payline would be too great a handicap in Federal hiring of college graduates. In addition it produces rates at GS–16, GS–17, and GS–18 which, however reasonable from the comparability standpoint, are too high to be accommodated in the Federal Service unless there were a radical change in philosophy relative to salaries of Congressmen and political executives.

TABLE 6.—UNIFORM LINE

[Formula: $y=ab^x$]

1970 private enterprise averages	Grade	Payline	
		Differentials (percent)	Rates
$4,334	GS–1		$4,934
$4,801	GS–2		5,451
$5,800	GS–3	22.1	6,023
$6,902	GS–4		6,655
$8,640	GS–5	22.1	7,354
$8,700	GS–6		8,125
$9,821	GS–7	22.1	8,978
	GS–8		9,920
$11,500	GS–9	22.1	10,961
	GS–10		12,111
$13,637	GS–11	22.1	13,381
$16,152	GS–12	22.1	16,337
$19,335	GS–13	22.1	19,944
$23,142	GS–14	22.1	24,348
$28,719	GS–15	22.1	29,725
	GS–16	22.1	36,290
	GS–17	22.1	44,304
	GS–18	22.1	[1] 49,170

[1] Single (entry) rate. Payline rate is $54,087.

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

TABLE 7.—NASSIMBENE LINE (FORMULA: $y=ab^{x^{.7}}$)

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

[1] Single (entry) rate. Payline rate is $42,985.

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

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

TABLE 9.—OFFICIAL LINE

1970 private enterprise averages:	Grade, GS—	Payline: Differentials (percent)	Payline: Rates
$4,334	1		$4,758
$4,081	2		5,386
$5,800	3	27.7	6,076
$6,902	4		6,823
$8,640	5	25.6	7,631
$8,700	6		8,501
$9,821	7	23.7	9,440
	8		10,441
$11,500	9	22.0	11,517
	10		12,669
$13,637	11	20.5	13,878
$16,152	12	19.2	16,543
$19,335	13	18.1	19,537
$23,142	14	17.2	22,897
$28,719	15	16.5	26,675
	16	16.0	30,943
	17	15.7	35,801
	18	15.6	[1] 37,624

[1] Single (entry) rate. Payline rate is $41,386.

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

The slope, or pitch, of the Official line can be steepened or flattened by raising or lowering the size of the differential between GS–1 and GS–3 while keeping constant the pattern of diminishing differences between successive intergrade differentials. This flexibility was used to flatten the line a couple of years ago to accommodate to three successive years in which percentage increases in private enterprise rates in the lower grades were larger than the percentage increases in the higher grades. It may again be used if a sustained trend in private enterprise pay movement changes the general pattern of private enterprise rates, but it would be inadvisable to let the pitch vacillate with each slight annual change in pattern. A slightly steeper line, for instance, with a differential of 28 instead of 27.7 percent between GS–1 and GS–3 would better fit the pattern of the 1970 private enterprise rates, but this slight change in pattern actually occurred in 1969 and the change was arrested in the 1970 findings.

Method of Least Squares

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

$$(m-2)^2 + (2m-4)^2 + (3m-7)^2 + (4m-6)^2$$

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

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

is minimized with respect to the parameters a_j. This does not exclude the use of polynomial functions of x of degree greater than one, since the polynomials in x may be considered the new variables which are linearly related in the function. In addition to justifying the use of least squares via the criterion of *minimum variance unbiased estimates*, as the preceding does, it is possible to use another criterion, viz., that of obtaining those parameter estimates which maximize the probability of obtaining the observed values y_i, under the assumption that the observed values differ from the true values in that the deviations from the true values are normally and independently distributed. This leads to the use of the minimized least squares. The criterion is known as the *maximum likelihood criterion.*"

[From *Analytic Geometry* by Ross R. Middlemiss]

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

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

x	1	2	3	4	5	6	7	8	9	10
y	1.48	1.76	2.78	3.32	3.86	4.15	4.75	5.66	6.18	6.88

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

1. $48=m+b$	1. $48=m+b$
1. $76=2m+b$	3. $52=4m+2b$
2. $78=3m+b$	8. $34=9m+3b$
3. $32=4m+b$	13. $28=16m+4b$
3. $86=5m+b$	19. $30=25m+5b$
4. $15=6m+b$	24. $90=36m+6b$
4. $75=7m+b$	33. $25=49m+7b$
5. $66=8m+b$	45. $28=64m+8b$
6. $18=9m+b$	55. $62=81m+9b$
6. $86=10m+b$	68. $60=100m+10b$
40. $80=55m+10b$	273. $57=385m+55b$

$$\left.\begin{array}{l}40.\ 80=55m+10b\\ 273.\ 57=385m+55b\end{array}\right\} m=0.596,\ b=0.802.$$

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

$$y=0.596x+0.802.$$

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

$$4.08=5.5m+b.$$

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

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

$$\Sigma x\equiv x_1+x_2+\cdots+x_n,$$

$$\Sigma y\equiv y_1+y_2+\cdots+y_n.$$

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

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

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

$$\begin{array}{l} r_1=y_1-(mx_1+b)\\ r_2=y_2-(mx_2+b)\\ \cdots\cdots\cdots\cdots\\ r_n=y_n-(mx_n+b).\end{array}$$

The squares of the residuals are

$$\begin{array}{l} r_1^2=y_1^2-2my_1x_1-2y_1b+m^2x_1^2+2mx_1b+b^2\\ r_2^2=y_2^2-2my_2x_2-2y_2b+m^2x_2^2+2mx_2b+b^2\\ \cdots\cdots\cdots\cdots\cdots\cdots\cdots\cdots\\ r_n^2=y_n^2-2my_nx_n-2y_nb+m^2x_n^2+2mx_nb+b^2.\end{array}$$

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

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

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

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

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

This implies that b and m must satisfy the relation

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

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

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

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

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

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

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

For a minimum value of Σr^2 we must have

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

which implies that m and b must also satisfy the relation

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

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

Mr. GRINER. In that annex, I have included material excerpted from the Federal Personnel Manual; from a booklet on the white collar Federal Salary Comparability Process issued by the Office of Management and Budget and the Civil Service Commission in January 1971; from the Mathematics Dictionary of James and James; and from Analytic Geometry a textbook by Ross R. Middlemiss.

Let me summarize in simple terms the conclusion which one reaches about this complex method. As we all know, a straight line by definition does not exist in reality because it cannot have any spread. It has only length and direction.

Consequently, whenever one draws any straight line, including the trend or pay line of Federal workers, one has to leave out the thickness, or the range of rates, which exists. The rules of drawing a straight line simply make one do this.

It is this omission of spread which distorts any reality reduced to any straight line. It is this omission of spread which has distorted the facts about private enterprise blue collar pay in existing real communities.

Let me take an example from life. We all use road maps. If one uses pocket road maps, like I do, the lines on those maps all are the same thickness and all are printed in black.

These lines show only direction between localities—which is the same as the trend of the pay line—and they show distance—which is the same as the differences in wage grades.

But by looking at the pocket road map, I can't tell whether the roads are two-lane, three-lane, five-lane, or even 10-lane.

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

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

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

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

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

Let us then keep the system of least squares as the best system for setting the trend line, or pay line, of intergrade differentials.

But let us flesh out that this line by the reality of everyday life. That reality requires a 10-step within grade system now. [Applause.]

TEETER-TOTTER AND THE SEE-SAW COST OF LIVING

There has occurred, however, in the last 2 years a most unfortunate and unforeseen development in the pay line which needs immediate correction.

This development is the result of the teeter-totter or see-saw character of the pay line.

This has deprived blue-collar employees in the lower grades of increases in pay to which they would otherwise be clearly entitled; moreover, it has seriously eroded their real purchasing power.

Because the pay line is nothing else but a central trend straight line, if the top at WG–15 goes up, the entire trend line automatically becomes steeper and the bottom of the line must go down, precisely like a teeter-totter.

In other words, we find this, gentlemen.

Let's say it is a grade 9 and above. We find more consistency in pay because there is a larger number of those people that have been organized into unions than we find below the grade 9 level, because the grade 9 level and above is a journeyman level.

When we find that consistency, that has a tendency to depress the pay line from the grade 9 and below, so that the ones at the bottom of the totem pole in many, many cases get nothing. [Applause.]

Recently we had a case in Colorado Springs, Colo., which is still under consideration, where there was an actual increase from the last survey of some 12 or 14 cents, I forget the exact amount, in the lower grades, but by reason of this teeter-totter, or see-saw, these lower grades were driven down to the point where they were 9 cents per hour less than what they are getting at the present time.

Now, there is something that must be done to correct that situation, because the place where the people need the relief more than any other place, is in these lower grades. [Applause.]

Current job matches at the top of the line now generally involve workers employed in large-scale enterprises comparable in size to Federal installations; but surveys, at the bottom, of such jobs for example as those of janitors, still cover primarily small scale private enterprises not comparable to Federal installations.

Consequently, rates surveyed at the top are increasingly really comparable rates; but rates surveyed at the bottom are still not comparable rates, but in fact depressed rates.

This situation is bad in itself. But when one puts such rates into the teeter-totter system of the central trend pay line, the effect is to raise the top rates even more and to lower the bottom even more. [Applause.]

The administration has not denied or contested that this is the case. Instead, it has argued that the teeter-totter affects only small numbers of employees and therefore nothing should be done now.

We disagree because our review of the rate adjustments of the last 9 months clearly shows that in fully 40 out of 131 survey areas, or almost one in three, blue collar employees in the lower grades have received rate increases not only less than would have been due but also less than the rise in the cost-of-living index. [Applause.]

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

Gentlemen, we ask that you give full consideration to an amendment to this bill that would include a "floor"—and that is what this is, a "floor"—of not less than what the average increase cost-of-living index indicates during the year previous to the survey.

I agree that it will not be needed to help the top grade people because their increases under teeter-totter and wage surveys generally exceed this floor, but it certainly will help those people in the lower grades; and, as I stated to you a year earlier, they are the people that need it.

Let's say New York, Detroit, Washington, San Francisco, and most of the large centers, where the cost of living is more, or has increased more than the national average, certainly that local increase should be the floor in all those areas where the Government can secure the data, and we all know that it can be secured in those areas because those figures are regularly published.

As we know, it was about 5.9 increase in cost of living during the year 1970, and that was reflected precisely by the last white collar pay increase. And this 5.9-percent increase certainly would have been a vast help to those people in the lower blue collar grades had it been applied as a floor to the increases under the wage board system.

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

Although the National Wage Policy Committee accepted our recommendation, by a 6-to-5 vote, the Civil Service Commission nevertheless did not agree to implement it.

In other words, maybe there was an understanding. I don't know.

Maybe there was an understanding that the Civil Service Commission man, who is the chairman of the National Wage Policy Committee would vote with us at that level and then the Chairman of the Commission would turn us down.

That is what happened anyway.

Therefore, I am urgently asking you to incorporate in legislation an amendment requiring the Federal Government to increase blue collar rates of pay, on a grade-by-grade and not a pay-line basis, by at least the percentage increase in the cost-of-living index since the last adjustment.

By this means, the real incomes of lower wage grade employees will be safeguarded against the blows of both teeter-totter and rampant inflation. [Applause.]

THE ACTUAL BILLS: S. 315; S. 1086; AND THE PREFERRED BILLS S. 231, S. 422, S. 511, AND S. 1288

There are really three bills before the committee at this time. One bill, S. 315, has the identical text as the conference bill which the President vetoed.

A second bill, S. 1086, is similar to the House preconference version last year. Both of these bills contain many fine features but they still require the sacrifice of many of the just claims of blue collar employees in order to obtain other equally just claims.

Mr. Chairman, we sincerely hope that you will disregard both of those bills, even though one of them is your bill.

The CHAIRMAN. May I say we do not disregard any bill, no matter how bad it is.

We try to learn from them all.

Mr. GRINER. I will not comment on that loudly.

The CHAIRMAN. You want to quit while you are ahead.

Mr. GRINER. Yes, sir. [Laughter.]

We were told last year we had to accept these sacrifices in order to avoid a Presidential veto.

In passing, I should like to note that S. 315 provides only four within-grade steps when in fact we have demonstrated that the private enterprise blue collar rates justify a 10-step system; on the other hand, S. 1086 provides five steps and has a provision for 7½-and 10-percent shift differentials.

You know, Mr. Chairman, members of the committee, it is very embarrassing having people work side by side at night, one group of white-collar people getting a 10-percent night differential, and a group of blue collar people getting a 6-cent ($0.06) or 7-cent ($0.07) night differential which amounts to 2 or 3 percent of base pay and that has happened in case after case.

There are very few cases where there is a 10-percent differential in fact for blue collar employees.

For instance, the Veterans' Administration had a 10-percent differential across the board, until the wage board system was established,

at which time that percent differential was eliminated, and they went to the same system of a flat monetary payment as the other groups have.

I have examined the white collar night differential legislation very closely, and I find nothing in those hearings, nor in any part of the legislation establishing the white collar 10-percent differential which could not be used in establishing the straight 10-percent differential for the blue collar workers as well, and I hope the committee will examine that legislation.

I will be glad to furnish the citation of it.

The third bill appears before you under several numbers and has been introduced by several sponsors. They are S. 231 introduced by Senator Moss; S. 422 cosponsored by Senators Burdick and Metcalf; S. 511 introduced by Senator Harris; and S. 1288, cosponsored by Senators Gravel and Stevens.

We prefer these four bills for several reasons. First they provide for 10 within-grade steps, to be achieved over a period of seventeen and a half years of service.

This is identical with the 10-step system used for the statutory pay systems, including the General Schedule, the Foreign Service Staff Corps, and the Department of Medicine and Surgery of the Veterans' Administration.

In addition, S. 231, S. 422, S. 511, and S. 1288—like S. 1086—provide for a "7½-percent differential for regularly scheduled nonovertime work a majority of the hours of which occur between 3 o'clock postmeridian and midnight" and a "10-percent differential for regularly scheduled nonovertime work a majority of the hours of which occur beween 11 o'clock postmeridian and 8 o'clock antemeridian".

I want to state that I endorse S. 231 and its associated bills without reservation. I have earlier asked that you add to it an amendment requiring the Federal Government to increase pay rates by at least the same percentage as the increase in the cost of living.

Because I have previously on other occasions fully stated our organization's position on wage grade legislation, I do not wish to repeat most of those arguments orally.

However, to keep the record of the hearings of the current legislative session intact, I should greatly appreciate your committee's consulting the record of my comments to your committee in 1970 on S. 1958, S. 2371, and S. 2990 during the 91st Congress, second session. They appear in the committee print of the hearings of June 17 and June 18, 1970.

The CHAIRMAN. We will include them in the record on these hearings.

Mr. GRINER. Thank you.

(The aforementioned excerpt from previous hearing follows.)

ANNEX IV

STATEMENT OF JOHN F. GRINER, NATIONAL PRESIDENT, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, JUNE 17, 1970

I come before you, distinguished gentlemen of the Senate Post Office and Civil Service Committee, with a sense of grave and immediate urgency on behalf of more than eight hundred thousand Federal employees whose rates of pay, even at this late date, are not set by any statute. I am petitioning you today as earnestly

as I can, to enact legislation for an equitable system for fixing and adjusting the rates of compensation of wage board employees.

Your Subcommittee has before it three identical Bills, S. 1958, S. 2371 and S. 2990, introduced respectively by Senator Harris and by Senators Moss and Yarborough of your Committee. Our organization, the American Federation of Government Employees, endorses these Bills and urges their enactment as soon as possible.

These Bills are intended to place the compensation of wage board and non-appropriated fund employees under a system of laws rather than the present outdated practice of regulations.

It is an incredible fact that the 750,000 American wage board employees and the 75,000 American non-appropriated fund employees do not have one single basic law to which they can look so far as their compensation is concerned. Even that single law for wage board employees which was passed by Congress in December 1861 was effaced by the provisions of PL 763 of the 83rd Congress, enacted September 1, 1954 amending the Classification Act of 1949. Unfortunately this effacement was retained when title 5 was codified in Public Law 89–554 of September 6, 1966.

Therefore, when we speak of the compensation of wage board and nonappropriated fund employees we speak not only figuratively but literally of men and women "whom the law forgot".

One might ask, "If wage board employees could live without a law for 140 years, why is it so urgent that they get one now?"

My answer is simple, even if twofold. First, the government as employer owes them equity and justice. Second, their patience is running out.

EQUITY AND JUSTICE

Certainly, the government as employer has owed these career employees equity and justice as far back as the enactment of the Pendleton Act in 1883. Seventy-seven years have passed since white-collar civilian workers have had their compensation regulated by Civil Service law.

During those seventy-seven years, not only did the basic white-collar system evolve into its present form, but other statutory pay systems also emerged.

As early as July 1, 1907, the salaries of the postal clerks and letter-carriers were set by PL 60–172.

Forty-seven years ago, in 1923, Congress enacted the Classification Act which serves as the basis even today for the pay of approximately 1.3 million General Schedule white-collar Federal employees. Forty-six years ago, in 1924, Congress passed the Rogers Act governing the compensation of foreign service employees and, in 1946, these employees were provided with the revised basic statute which serves them to this very day.

f Another statutory pay system which emerged during this period was that enacted cor the Department of Medicine and Surgery of the Veterans' Administration which ame into being on January 3, 1946.

The record, therefore, shows clearly that today all Federal employees, excepting wage board and non-appropriated fund employees, have their rates of compensation set by statute.

WILL PATIENCE RUN OUT?

In the light of this history, wage board and non-appropriated fund employees have increasingly become restive. They have begun to ask—Are we the "untouchables" of American life? Are we to be outside the law forever? What must we do so that the Congress and the Administration and the American public notice that we exist?

You also know from the record that I have and will speak as frankly and honestly as I can. As far back as October 1, 1969, in my testimony on the urgent need for the provision of Federal pay comparable to pay in private enterprise, I informed you then of the low state of morale; "of disappointment and dismay of Federal employees in the lower grades" regarding the failure of the government to provide them with comparable pay. I said that inequity had "created a serious crisis in morale throughout the Federal service." I repeat and re-emphasize now what I said then—inequity creates unrest and low morale and results in inefficiency.

ARE PRESENT PRACTICES REALLY OPPRESSIVE?

The argument has been made that the compensation of wage board and non-appropriated fund employees is not really unjust and inequitable and that there is nothing oppressive about the present practices. It has been contended that if

morale is low it is simply because of the mood of the country and not because of specific conditions of inequity and injustice in the Federal service.

This argument disregards the facts.

There is genuine poverty in the Federal service, genuine economic injustice, real, objective discrimination in every pay system. But most of all in the Wage Board system.

The statistics of the Federal government themselves confirm this. And the primary reasons for this inequity is the *discriminatory* system used to pay wage board employees when compared to employees in the classified service, the postal field service, foreign service and the Department of Medicine and Surgery of the Veterans' Administration.

According to the figures released by the Civil Service Commission, the following were the total number of employees and their average pay in the classified service, the postal field service and the wage board system as of June 30, 1969:

System	Number of employees	Average pay
Classified (all grades)	(1,299,012)	($9,360)
Classified (first 9 grades)	877,681	7,138
Postal field service	656,735	7,343
Wage board	745,735	6,249

How can one logically account for the *vast difference* between the lowest GS–1 through GS–9 classified grades and the PFS system, on the one hand, and the wage board system on the other. Why did these postal field service employees average $7,343 and these classified employees $7,138 while the wage board employees earned only $6,249. This is a difference for wage board employees of 17.5 percent less than pay received by equivalent postal employees and 14.2 percent less than that of equivalent classified employees.

These large percentage differences are not the result of differences in the surveys of wages in private enterprise used to set rates of wage board, postal and classified pay. Instead this great difference in pay exists primarily because the *Federal system of compensation in the wage board system is itself so radically and unfairly different than the system now in force in the classified and the postal field services.*

It lies, in very large part, in the fact that the wage board system has only *three* within-grade steps while the classified system has *ten* and the postal field service has *twelve.*

The wage board journeyman pay line is set at step 2. Step 1 which is really a beginner's step is 96 percent of step 2; and step 3 is 104 percent of step 2. Thus, the only advance above the journeyman pay line for a wage board employee, even for twenty years of service, is one step up, or a four percent increase in pay. This four percent scarcely conforms to a "career system," even though most wage board employees are in fact career Federal employees.

In the classified and postal field systems, which are "career systems," the pay line is set at step 4, which is itself ten per cent above the pay of step 1. Thus, in the classified system of ten steps, with a 30 per cent differential between the top and bottom step, the career employee with 18 years of service, can earn 20 per cent above the pay line; in the postal field service, with its twelve steps, a career employee in the top step earns 26⅔ per cent above the pay line.

When one subtracts the long term career wage board employees' four per cent above the pay line from the classified employees' 20 per cent and the career postal employees' 26⅔ per cent, one gets respectively 16 per cent and 22⅔ per cent difference. This is a huge difference, resulting in the loss of hundreds of dollars of pay each year by career wage board employees.

While there are other factors which enter into the improperly low level of compensation received by career wage board employees, I believe that it is accurate to say that the current within-grade step structure plays a major role in the unjust and discriminatory pay treatment these employees suffer.

THE SPECIFIC MERITS OF THE WAGE BOARD BILLS

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

Proof of this lies in comparing the provisions of these Bills with the provisions of Chapter 532–1 of the Federal Personnel Manual of January 10, 1968, which governs Wage Board employees. Basically a good many of the same kinds of techniques, procedures and modalities of inter-agency cooperation envisaged in these Bills already exist in current regulations.

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

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

1. the composition and role of the National Wage Policy Committee;
2. the inclusion of employees of non-appropriated funds in the wage board system;
3. a statutory provision for the cooperation of private enterprises having government contracts in the conduct of the local wage surveys;
4. the introduction of a ten-step Wage Rate Schedule;
5. the provision of equitable overtime, shift differential and travel time pay.

NATIONAL WAGE POLICY COMMITTEE

As regards the composition and role of the National Wage Policy Committee, which would be empowered with the general supervision over the Wage Board Compensation System, these Bills provide for a "standing committee", to be known as the National Wage Policy Committee to be composed of eleven members.

In sharp contrast with the present system, however, these Bills state that the Chairman of the Wage Policy Committee "shall be appointed by the President of the United States and shall serve at the pleasure of the President". Further, the Chairman shall come "from outside the Federal Service" and he "shall not hold any other office in the Federal Service".

This is a major break with the present system and a great improvement upon it. It introduces the concept and the role of the Chairman of the Committee who is not wedded either to the Federal management side or to the union side. Perhaps the best way to state his role is that he should represent, on behalf of the President, the comprehensive interests of the people of the United States in dealing with Wage Board matters rather than the specific interests of any one agency or organization.

The five management representatives, under these Bills, would be appointed almost identically as now, excepting, of course, that the representative of the Civil Service Commission would be regarded as acting as a management member instead of retaining his present ambiguous role of being supposedly the neutral Chairman of the Committee. This is a much more appropriate role for the representative of the Civil Service Commission and removes him from the many conflicts of interest with which he is now confronted.

As for the five labor union representatives on the Committee, I should like to propose a substitute formula for the one appearing in these Bills. The substitution I am offering has the advantage of allowing for changes in the future consistent with any changes in union representation. In place of the language appearing as "subparagraph (2)" on page 10 of S. 2371 beginning on line 7 and ending on line 18, I should like to offer the following substitute language:

"(2) five representatives from the several Federal employee unions, representing under exclusive recognition of the Federal government the largest number of prevailing rate employees throughout the Federal service. These representatives shall be appointed on the basis of their appropriate proportional share in the total representation under exclusive recognition of Federal and District of Columbia prevailing rate employees. However, in any case there shall not be more than two representatives from any one employee union nor more than four representatives from a single council, federation, alliance, association, or affiliation of employee unions;"

NONAPPROPRIATED FUNDS

The second major change these bills would make in the present system would be the application of the wage board concept to employees of Federal instrumentalities paying their workers from non-appropriated funds.

If the wage board employees of the Federal government have been its "forgotten men," then certainly the non-appropriated fund employees, numbering more than 75,000 human beings, have been its "forgotten and deprived men and women." If any group of employees, whether working for the Federal government or for private enterprise, has suffered injustice or inequity, these employees have been

subjected to the rankest kind of injustice. They are today in dire need of relief from the lack of a suitable method of fixing their pay in an equitable manner. The vast majority of these employees in fact work in the Department of Defense and in the Veterans' Administration. Many of them are wives or children of servicemen serving abroad on the battlefield or their widows who must work to make ends meet. Their wages are sub-standard by any criterion which is applied to other employees in Federal installations.

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

I wish to emphasize it required their inclusion in those amendments merely to bring them up to the *minimum wages* paid in private enterprise. The actual wages they receive are still much, much below the going wage paid for the same work being paid in private enterprise or to wage board employees.

For whom do non-appropriated fund employees work? The Wall Street Journal, of June 10, 1968, correctly described one of the larger employers and I quote the following from it:

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

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

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

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

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

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

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

CONDUCT OF LOCAL SURVEYS

The third main difference from the present system in these Bills relates to the provision for the cooperation of private enterprises having government contracts in the conduct of the local wage surveys. This provision appears in the Bills under paragraph 5347, section e, in lines 18 through 20 on page 18. Perhaps the language of this section should be altered a little to make clear that it is intended to cover those enterprises engaged in interstate commerce. But in any case, it should be obvious to everyone that unless private enterprises supply the data on an impartial basis to the wage survey teams they cannot carry on their work.

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

This misunderstanding should be cleared up at once. All the members of the local wage survey committee are Federal employees and represent the Federal government in precisely the same way as the members selected by management. In fact, experience shows that in some instances management itself would have been more willing to pick the representative already nominated by the union. This is because the man picked by the union was the best informed and most trusted person in the installation.

THE MONRONEY AMENDMENT

I should like at this point to speak directly to the issue of the "outside survey area" which has to be chosen in cases where the actual geographic survey area does not contain any comparable private enterprises.

As the Subcommittee will recall, the question of applying the rates found in "outside survey areas" to wage board employees was the subject of legislation in the Monroney Amendment to Public Law 90–560 of October 12, 1968. The intent of the amendment was to apply the rates found in the "outside survey area" through collation, or "ploughing," into the pay line set for all wage board employees in the original survey area. Although this was the obvious intent, there developed a considerable amount of administrative delay and misinterpretation as to the precise meaning of the Monroney Amendment.

Fortunately, through discussions within the Federal government between management and labor, this issue has now been clarified. The proper interpretations, therefore, are now being placed upon the Monroney Amendment and, it is now evident, that no new legislative language is necessary.

For this reason, I recommend that your Subcommittee substitute the text of the original Monroney Amendment for the language now appearing under Section 5342(a)(12) on page 7, line 5 to 13 inclusive in these Bills. The language we, therefore, prefer would be as follows:

"(12) 'outside survey area' means a wage survey area outside of a specified wage area selected by the Policy Committee. A lead agency, in making a wage survey, shall determine whether there exists in the local wage area a sufficient number of comparable positions in private enterprise to establish wage schedules for principal types of positions for which the survey is made, and that the determination shall be in writing and shall take into consideration all relevant evidence including evidence submitted by employee organizations recognized as representative of employees in the area; and that when it is determined that there is an insufficient number of comparable positions in private industry to establish the wage schedules, the lead agency shall establish the wage schedules on the basis of local private industry rates and rates paid for comparable positions in private industry in the nearest wage area that it determines to be most similar in the nature of its population, employment, manpower, and industry to the wage area for which the survey is being made;"

TEN STEPS WITHIN EACH GRADE

The fourth kind of provisions included in these Bills differing from the present system concerns the Wage Rate Schedule. In section 5346, the Bills provide for a ten-step wage schedule similar to the within-grade steps now already available to employees working under the Classification Act. It provides further that each successive rate shall not be less than 3 per cent more than the preceding rate.

One would think that this innovation would be considered a matter of common sense, since there is no sound reason for not introducing such a wage rate progression into the wage board system. In fact, the successful use of the same system for classified employees serves as the best argument for using it for wage board employees. Yet, I have heard arguments in the past against the application of the ten-step system. Some say it shouldn't apply because private enterprise doesn't use it. I doubt that this allegation would stand up to careful scrutiny because I know of some situations where it is used, if not as a 10-step system, then as an eight or seven step. But the principle used is the same in any case.

I should like to recall here that in the summer of 1941 during the Hearings which lead to the enactment of PL 200 of the 77th Congress establishing the 10-step within-grade system for classified employees, not a single one of the witnesses from the Civil Service Commission or the Bureau of the Budget opposed such a system. In fact, the Hearings record shows that Ismar Baruch, the Chief of the Personnel Classification Division of the Civil Service Commission, officially endorsed such action, stating as follows:

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

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

I know also that today the overwhelming majority, more than 90 per cent of all wage board employees in fact, are in the third and last step of each grade. Most of them got there after one and a half years of satisfactory service. Are they then supposed to stay there all the rest of their lives, never moving higher? This is not a rational approach to developing incentive; this is not good personnel administration of a career system.

As I stated earlier, the situation is even worse than that. When we compare the pay range in the classified service grades with that of the wage board, we find that, in the ten-step system of the classified employees, the range of pay between the bottom and the top is thirty per cent; and in the twelve-step system of the postal field service, it is 36⅔ per cent. But the range of pay in the three-step system of the wage board between the bottom and the top is only 8 per cent. I say that this is rank discrimination.

But we are not through with odious comparisons. I should like to add one more. Today the wage board supervisory grades have five steps and not three. Moreover, the range of pay between the lowest and the highest of these averages to 15 per cent. Here then we find that the present state of affairs discriminates not only between the classified and postal workers, on the one hand, and the wage board employees on the other; it even discriminates within the wage board system itself in favor of the supervisors and against the non-supervisory employees. I think this is the most abysmal kind of discrimination; it is shameful and intolerable and should be ended at once.

OVERTIME, SHIFT DIFFERENTIAL AND TRAVEL

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

These Bills provide that the National Wage Policy Committee shall make recommendations for such a schedule of differentials. This provision is necessary because the Federal government largely ignores this consideration today. The Navy Department under its own regulations could pay up to 100 per cent differential. It pays a piddling twenty cents an hour, even for the most dangerous kind of work. The Army could pay up to 50 per cent. It pays 30 per cent of the Navy differential, that is, a "flat" six cents. It is incredible that these rates of differentials are paid when employees of private contractors working alongside the Federal employees actually get up to a 100 per cent differential.

I think I should also call attention to the fact that the Congress has itself authorized the payment of a 25 per cent differential for classified employees intermittently engaged in hazardous occupations. Yet, ironically, no differential at all has been authorized for wage board employees engaged in regular and recurring hazardous duties.

Similarly, the Bills stipulate that the night shift differential now paid to classified employees, amounting to 10 per cent, will be paid also to wage board employees.

Another important provision of this Bill relates to travel time. Today, management takes advantage of wage board employees by requiring them to travel to distant places of work on their own time. Most often this situation arises because the supervisor has scheduled the work of his activity improperly or dispatched and assigned his employees to work sites inefficiently. This is an abuse of the right of the wage board employees to their own life and it is an invasion of their privacy through the invasion of their private time.

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

I am sure that as soon as these Bills are enacted and supervisors will be required to justify paying for their poor scheduling of travel time, the abuses will end. Then travel will be authorized only when and if it is actually required in the public interest and not solely because the supervisor had not worked out his plans properly.

CONCLUSION

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

I know that these Bills will end this discrimination. Once it is passed, the "forgotten men" and the "forgotten and deprived men and women" of the Feteral service will know that discrimination has ended at last.

I appreciate most sincerely the privilege you have extended to me, Mr. Chairman, in allowing me to appear before you today. I thank all of the Subcommittee members for their patience and generosity in listening to me for this length of time. And finally, I ask you once again to enact wage board legislation this year.

Mr. GRINER. Now I would like to ask for an exception.

SPECIAL CASE OF ALASKA

I have just come back from an extensive survey trip to Alaska during which I tried to isolate the special problems which affect all employees there, private enterprise as well as Federal, State, and local government.

One fact is clear. There are so few large private enterprises employing 300 or more workers that the provision in S. 231 and associated bills limiting wage surveys to private establishments with 300 or more employees cannot be effectively carried out in Alaska.

I therefore recommend that the State of Alaska be specifically exempted from the provisions of subparagraph (c)(4) of section 5343 of S. 231 and other associated bills appearing on lines 16 through 18 of page 6 of the printed text of S. 231.

The CHAIRMAN. Does the Senator from Alaska agree with the proposal?

Senator STEVENS. I certainly do. I think it shows what might result from a trip if we could take the whole committee up there this year. John has traveled throughout the State. He spent a great deal of time with our people, and I think he has come back with several good recommendations.

Mr. GRINER. To my personal knowledge, the Senator from Alaska has a number of other problems up there, which I am sure this committee would be interested in.

The CHAIRMAN. Are their problems related to this legislation?

Mr. GRINER. They are related to the committee, let's say.

Senator FONG. Are you trying to get him reelected, John? [Laughter.]

Mr. GRINER. I don't know of a better man.

Senator RANDOLPH. Mr. Chairman, if we are having general comment, I said earlier good morning, ladies and gentlemen, and I was trying to move the hearing along at that time.

I did not address myself particularly other than a general good morning. But I would now like to do so with an even more pleasant good morning to the West Virginians who are here.

I want at this time to recognize them. Although I cannot see them, I know they are here. There are several in attendance.

Seriously, Mr. Chairman—and I have not been able to be here during all of the hearing—I think it is significant that John has just mentioned the hope the President would sign legislation of the type that you have introduced. I of course share that hope with him. I do think that he will consider carefully any new proposal, and more carefully than he did last year the legislation which he vetoed.

You remember, Mr. Chairman, that that legislation had unanimous support when you reported it to the Senate. There were some differences of opinion during the hearing and executive session process which was understandable. But we reported the bill unanimously to the Senate, and you recall, further, Mr. Chairman, in your comments, that the bill was passed without opposition in the Senate. I think this is noteworthy at this hearing as we begin the discussion of the bill for this year.

The House of Representatives, as I recall, passed legislation similar to the Senate bill in 1970, by a vote of 231 to 90.

I have often wondered why the President with that mandate from the Senate and with such substantial majority in the House did not sign the legislation into law, or allow it to become a law.

I accord to the President the very best of intentions, and I want the record to so reflect. We can disagree with him then as we can disagree with him now, if he holds the same viewpoint, or opinion. However, I have a feeling that the President, given more time to study the legislative proposal, if it comes from the Congress early in this session, will not give the answer of a veto which he gave in 1970.

I want to say again that I think the President should not be criticized too severely, because of the veto he may make of a certain piece of legislation, as of a certain date.

I have been disappointed many times in these vetoes. Other Senators have been disappointed also. We must remember now that this is a new day. We must give to the President and to his advisers the benefit of a searching analysis of what we believe can be good and worthy legislation which can be placed on the President's desk after action by the Congress. This will strengthen our case. [Applause.]

The CHAIRMAN. I might add there, Senator, in my judgment the President probably had no real chance to examine all of the inequities in the system, that he had very bad advice from somebody down below. [Applause.]

I will not tell you how low that came from, but it must be awful low in terms of the action [laughter], but I would like to emphasize the objectivity on this question now of this committee, which is speaking out in various ways, that is it is a unique committee in one way, a majority of the committee, five of the nine were just re-elected last November, so we are statesmen now, and we are not under this kind of pressure, and yet we feel the inequity in this in itself is such a heavy pressure that weighs upon us, and that is the reason we made this our first order of business in this new session.

That is why you find such strong support for you.

Senator FONG. I want to say, Mr. Chairman, prior to the veto, it was a nip and tuck affair. I think if this bill was presented again to the President, I think he would sign it.

The CHAIRMAN. Even the same bill?

Senator FONG. The same bill that was agreed upon.

Mr. GRINER. Mr. Chairman, members of the committee, I wholeheartedly agree with what you said this morning about the veto.

Some of my grapevine has told me about what happened, and I have never criticized the President for not signing it, but I am very critical of some of his advisers, because I do not think he knew what they were talking about.

I hope that some of us might have an opportunity to help to advise the President at this time, to be sure he knows of the facts.

Senator STEVENS. Mr. Chairman, those of us who are not yet statesmen might want to do that a little bit also.

Mr. GRINER. Now, I want to touch on a subject which is——

The CHAIRMAN. Just a moment.

The Senator from North Dakota.

Senator BURDICK. Your testimony on this exception for Alaska, are there any other States in the Union that would have a similar situation?

Mr. GRINER. Not that I know of, unless it is possibly Puerto Rico. Of course, that is not a State, but we do have a survey there, but Alaska is the outstanding situation. There you have mostly smaller employers with very few employees. In the whole State of Alaska most employers have less than 300 people working for them. If you eliminated vast numbers of employers in the State, you would have to go over to, let's say, Seattle, and accept the survey which was made in Seattle. Then certainly, there would be an injustice to most people who live in Alaska, where the cost of living and wages are among the highest of any place in the country.

There are, of course, other States in which in the future areas would need to be considered for exemption. That is, legislative language for this exception might be general so that it could be expanded when it should be expanded.

The CHAIRMAN. But we have to count the antelope in Wyoming to qualify.

Mr. GRINER. We have the whole State of Wyoming in one area, and we got a very nice raise for you out there.

The CHAIRMAN. And they responded in a very meaningful way.

Mr. GRINER. I want now to talk about the nonappropriated-fund employees.

NONAPPROPRIATED-FUND EMPLOYEES

Since the issue of nonappropriated-fund employees is a crucial one, I should greatly appreciate the record incorporating also my remarks made on July 29, 1970, before the Special Subcommittee on Exchanges and Commissaries of the House Armed Services Committee.

Mr. Chairman, I request that that be added to the record at this point of my presentation.

The CHAIRMAN. Without objection, it will be added.

(The statement follows:)

STATEMENT OF JOHN F. GRINER, NATIONAL PRESIDENT, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, JULY 29, 1970

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

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

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

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

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

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

THE LEGAL STATUS OF NON-APPROPRIATED FUND EMPLOYEES

The first major obstacle in safeguarding the interests of the employees of non-appropriated funds is their ambiguous legal status. They are treated simultaneously both as being Federal employees and not being Federal employees. So far as their duties and obligations are concerned, we find that they are subjected to just about all the burdens of other Federal employees. So far as their rights and perquisites are concerned, they are treated as not being Federal employees at all.

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

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

In short, employees of non-appropriated funds work in the world of the double standard.

The justification, or pretext, for this discrimination and double standard derives from the word "non-appropriated". It was held by the Executive Branch that the source of their revenue, coming from funds not appropriated by Congress, excluded these employees from the status of Federal employees, including the setting of pay for wage grade employees according to surveys for appropriated fund employees. It was held in the next breath that even though they are not

Federal employees so far as rights to wages are concerned the fact that they work for Federal instrumentalities imposes on them all the legal obligations of Federal employees, including the denial of their right to strike for wages equal to that of other wage grade employees of appropriated funds.

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

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

NONAPPROPRIATED FUND EMPLOYEES ARE GENERALLY WAGE GRADE EMPLOYEES

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

PENDING LEGISLATION BEFORE CONGRESS

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

"Employee means an employee of an agency and an employee of a non-appropriated fund instrumentality of the United States. . . ." This in itself is a great improvement in the attitude of the Executive Branch.

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

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

With your approval, I should like to annex to my statement for inclusion in the record a copy of a letter which I addressed on June 23, 1970, to the members of the Senate Subcommittee on Civil Service commenting on these Bills. In this letter, I addressed specifically also the issue of the status of employees of non-appropriated funds, and I believe you will find my comments germane to your own Hearings.

WHO ARE THE EMPLOYEES OF NONAPPROPRIATED FUNDS?

If the wage grade employees of the Federal government have been its "forgotten men", then certainly the non-appropriated fund employees, numbering more than 75,000 human beings, have been its "forgotten and deprived men and women". If any group of employees, whether working for the Federal government or for private enterprise, has suffered injustice and inequity, these employees have been subjected to the rankest kind. They are today in dire need of relief from the lack of a suitable method of fixing their pay in an equitable manner. The vast majority of these employees in fact work in the Department of Defense and in the Veterans' Administration. Many of them are wives or children of servicemen serving abroad on the battlefield or their widows who must work to make ends meet. Their wages are substandard by any criterion which is applied to other employees in Federal installations.

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

I wish to emphasize, it required their inclusion in those amendments merely to bring them up to the *minimum wages* paid in private enterprise. The actual wages they receive are still much, much below the going wage paid for the same work being done in private enterprise or to wage grade employees.

Who are the employees of these non-appropriated funds? For whom do they work? Let me read to you a few passages about one of the largest of these employers, passages I have not taken from a trade union journal but from the Wall Street Journal of June 10, 1968. I am quoting to you from an article by James C. Tanner, filed in Dallas, Texas, reporting on the operations of the Army and Air Force Exchange Service. I understand that General Hardin has been succeeded by Brigadier General McCord in the interval, but the other facts still stand. The quotations follow:

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

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

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

"In addition, the AAFES operates a variety of other activities, including beauty parlors, barber shops, movie theatre popcorn stands, gasoline stations, snack bars, cafeterias and a mail-order business. It even offers mutual fund shares to soldiers and airmen abroad. . . .

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

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

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

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

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

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

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

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

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

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

Here is a documented case of an American citizen working in Germany and receiving such a low rate of pay from Stars and Stripes out of non-appropriated funds that he is considered to be impoverished by the German government. Certainly such a situation is an outrage and a scandal and the Congress should put an end to it.

I can think of no single provision more needed by human beings working in Federal installations than the provisions in the Senate Bills to pay wage grade employees of non-appropriated funds at rates of pay comparable to those of other wage grade employees. Sheer human decency and justice requires this. And I ask your support for an amendment to H.R. 17809 to this effect.

OTHER EXAMPLES OF DISCRIMINATION AGAINST EXCHANGES' EMPLOYEES

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

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

The abuse of the rights of non-appropriated fund employees is universal. The Naval Stores and the Marine Corps Exchanges are just as bad as the AAFES. The Marine Corps Exchange in Jacksonville, North Carolina, is a case in point. There, employees' schedules have been repeatedly re-arranged so that most cannot work a full 40-hour week, even with a Monday through Saturday workweek. There too, as with the other exchanges, new employees are hired on a "temporary status", and must work 1,040 hours before being converted to permanent status. Just about the time an employee has worked long enough to approach this limit

prescribed by regulation, he is terminated at the Marine Corps Exchange in Jacksonville, N.C., and his employment file "closed". And at the same time, he is given a new employment application to fill out and bring back a few weeks later when he is again hired as a "temporary employee".

AAFES OPERATIONS UNDER EXECUTIVE ORDER 11491

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

To begin with, AAFES has consistently refused to negotiate "ground rules" prior to beginning contract negotiations. Yet, Section 11 also specifically provides for the execution of a memorandum of understanding which has become the accepted procedure throughout the entire Federal Government. AAFES objects to ground rules apparently because they are afraid of a regular schedule of negotiations which would result in a speedy negotiation of a labor-management agreement.

At Fort Jackson, South Carolina, we have filed Unfair Labor Practice charges because the Post Exchange insisted that the Local Union provide a proposed collective bargaining agreement as a precondition to negotiating ground rules. A hearing will be scheduled by the Department of Labor in the near future to rule on management's refusal to negotiate.

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

AAFES' standard procedure in contract negotiations is to send a representative from Dallas to the bargaining table all over the country, but to give him little authority to conclude the agreement. At Keesler Air Force Base, Mississippi, the AAFES representative often stated that he was under orders as to what he could and could not do and that he did not intend to be without a job for not following those orders. Those "orders" have resulted in another Unfair Labor Practice charge since management refused to negotiate over Promotion Policy, Hours of Duty, Grievance Procedure and Arbitration.

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

Apparently because of the above Unfair Labor Practice charges, AAFES is now retaliating at Homestead Air Force Base, Florida, by refusing to allow dues withholding which is covered by Section 21 of the Order. At that Base management is insisting on including dues withholding in an eventual negotiated contract although it is commonly handled in a separate dues withholding agreement. In summary, AAFES is operating under Executive Order 11491 as if it still retains unlimited "devine rights".

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

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

regulations; and in the meanwhile, all Air Force employees coming under the Board's jurisdiction are at the mercy of the installation commanders. In the private sector, the Norris-LaGuardia Act in 1932 declared "yellow-dog" contracts to be against public policy and made such contracts unenforceable in Federal Courts. Furthermore, the U.S. Supreme Court in J.I. Case v. NLRB, 321 U.S. 332 (1944) stated that, "Individual contracts may not be used to sustain bargaining or to limit or condition the terms of the collective agreement . . ."

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

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

OTHER ANTI-UNION ACTIVITIES OF MILITARY EXCHANGES AND NAVAL STORES

In addition to avoiding compliance with Executive Order 11491 in the matter of collective bargaining, the AAFES and other exchanges and stores have resorted to other subterfuges to carry out their anti-employee and anti-union activity. I shall cite as typical the example of the non-appropriated fund activities of the Marine Corps Recruit Depot in San Diego, California.

After the employees of the barber shop operated by the Marine Corps Exchange, Marine Corps Recruit Depot, San Diego, won exclusive recognition as AFGE Local 1085, the Exchange management decided that it would "contract out" the running of the barber shop to a non-union firm. This had the effect of destroying the barber shop as a direct non-appropriated fund instrumentality operated by the Marine Corps Exchange. It also had the effect of destroying the AFGE Local by placing it outside the provisions of President Kennedy's Executive Order 10988, as it had been administratively extended by the Marine Corps Exchange System and now of E.O. 11491.

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

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

Our organization first appealed this case to the United States Marine Corps as an Unfair Labor Practices charge. The hearing was held by a panel of three officers, one of whom was a Marine Corps officer, one a naval officer and one a civilian, Mr. Bernard A. Burke who is the Director, Civilian Personnel Department of the Naval Supply Center in Oakland, California. The two uniformed services officers voted to uphold management while Mr. Burke voted to uphold the union. Thus we lost two to one.

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

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

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

BOTTOM OF THE TOTEM POLE IN A CASTE SYSTEM

As I stated earlier, supervisory employees of the AAFES are not paid on the prevailing rate system and are theoretically accorded the rights and pay of the Classified Service. These civilian employees thus belong "on paper" to the "elite" of the "non-appropriated fund employees". Yet even as an "elite", even as administrative and supervisory personnel or their secretaries they sink to the bottom of the totem pole whenever they seek to assert their rights as American citizens, even in such matters as their receiving treatment equivalent to that of

employees of appropriated funds of the military departments. The main reason for this consistent "sinking to the bottom" is that they have no statutory rights, no appeals procedures outside the agency, no legal recourse against arbitrary action. They too are the objects of arbitrary action resulting from the double standard.

AN EXAMPLE FROM GERMANY

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

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

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

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

Let me quote just one excerpt from that letter itself. It follows:

(On page 5) . . . "It is clearly evident now that USAREUR Hq. will not hesitate in unilaterally abrogating its promises and require EES employees to move if a need arises for these quarters for other civilian employees of the government."

Let me quote you the words written by Brigadier General Earl F. Cole the Commanding Officer of the Headquarters of the European Exchange System. They follow:

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

As a final quotation, I should like to excerpt choice language from a "Dear George" letter sent by Brigadier General Cole to Brigadier George E. McCord, then and now the Chief of the Army and Air Force Exchange Service in Dallas, Texas. The quotations follow:

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

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

AN EXAMPLE FROM OKINAWA

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

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

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

During a conference of AFGE representatives in Honolulu with Colonel Thomas, who had initiated the RIFs, our union representatives requested a copy of the "survey" so as to be able to comment intelligently. The request was promptly denied by Colonel Thomas on the excuse that the "survey was not available."

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

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

SUMMARY AND CONCLUSION

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

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

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

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

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

ANNEX TO STATEMENT ON EXCHANGES AND COMMISSARIES, JULY 29, 1970

JUNE 23, 1970.

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

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

I should like my first comment to be the observation that it is already late in the legislative session and for that reason I earnestly request that you accept

H.R. 17809 as the basic wage board draft with which to proceed. My additional comments are drafted on this predication.

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

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

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

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

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

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

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

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

Sincerely,

JOHN F. GRINER,
National President.

[Enclosure to Letter of June 23, 1970]

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

ANNUAL REPORTS

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

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

NONAPPROPRIATED FUNDS

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

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

This is fair and non-discriminatory.

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

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

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

EFFECTIVE DATE

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

WITHIN-GRADE STEPS—AT LEAST SIX STEPS

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

In my formal testimony, I pointed out that the classified service has a 30 percent differential and the postal field service a 36⅔ percent differential between top and bottom steps. Moreover, the top classified step is 20 percent above the pay line and the top PFS step is 26⅔ percent higher.

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

I should like to point out that even if the sixth step were added, career wage board employees would still be earning in their top rate *4 percent less* than similar career classified service employees and *10⅔ percent less* than career postal field service employees.

CONVERSION OF CURRENT EMPLOYEES TO NEW SCHEDULES

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

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

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

THE ADDITIONAL COST OF WAGE BOARD LEGISLATION

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

[In millions of dollars annually]

Item:	
1. Introduction of career 5-step system in place of present 3-step system	$190
2. Shift differentials (7½ percent swing and 10 percent night)	40
Total	230

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

[In millions of dollars annually]

Item:	
1. Introduction of a career 6-step system in place of present 3-step system	$235
2. Shift differentials (7½ percent swing and 10 percent night)	40
Total	275

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

Mr. GRINER. I believe it is important nevertheless to emphasize that the first major obstacle to safeguarding the interests of the non-appropriated-fund employee is their ambiguous legal status.

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

So far as their rights go, they are treated as not being Federal employees.

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

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

They do not have even the right of appeal to the Civil Service Commission or to other Federal authorities for redress.

They do not participate in the civil service retirement program, nor in the Federal health benefit program, even though many of them have been working alongside other Federal employees for as many as 10 to 15 years.

Such pension plans and other fringe benefits as they have fall far below the levels of those provided other Federal employees paid from appropriations by Congress such as employees in commissaries.

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

I am most pleased, therefore, that all three basic bills before your committee contain language which will remove this legal ambiguity so far as the setting of their pay is concerned.

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

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

Parenthetically but emphatically I should like to state that it might be well at this point, Mr. Chairman, to take a look as to whether these people should be brought in under full civil service statutes fully and completely, to benefit in everything as other blue collar employees. As you know today they have no rights, no job security. They are treated like peons, and let me give you something else I found up in Alaska.

They made a survey of such places as McDonald's and things of that nature.

Actually the Air Force Exchange Service came to the base at Anchorage, and talked to a lot of people, including the representatives of these AAFES employees, and they told them that if we apply the wages we found are being paid for similar jobs in such places as McDonald's AAFES "will go broke". Yet, within 2 days, there was a piece in the paper in which the base was going to build a golf course costing $750,000 out of the profits AAFES made.

By some hook or crook, and I think it is hook, not crook, I was able to get a statement showing that the profits from non-appropriated-fund employees keep up the three different fishing lodges for the officers in the State of Alaska, hundreds of hours of work had been approved, and they are in the process of contracting it out, in order that the officers may enjoy their fishing, and that is at the expense of the blood, sweat, and tears of these employees who are working for next to nothing, and who don't even work 40 hours a week so as to be denied rights as regular employees.

This is one of the most deplorable conditions, and I do not mean in Alaska. I mean this short workweek is a scandal nationwide and worldwide, as great as any this organization has ever faced, and I think it might do well if this committee would take a look at it.

We see in public print all of the graft that is going on. Some people have gotten rich out of it, but certainly those people are not the employees.

I have with me a group of non-appropriated-fund wage scales. The great majority of them start at $1.60 per hour, which is the minimum

allowed by law. They start at $1.60 per hour, and between steps they have 5 cents per hour difference, and yet they can spend $750,000 for a golf course.

They can spend all the money that is necessary to repay these three lodges and build additions to them. And this is only one instance, but they cannot pay those people a decent wage and give them decent working conditions.

I was down in Port-a-Spain in the West Indies, where we had a small naval base at one time.

I was taken out to where this naval base was. They build a beautiful golf course there for the officers out of naval exchange profits; the course was carved out of the jungle at a cost of more than $600,000, and that golf course was only used for a short time since the naval base is now gone and the jungle has repossessed the golf course.

I cannot impress upon you too much the deplorable conditions that exist for these non-appropriated-fund employees who sweat so that other people can sit in ease and luxury.

The CHAIRMAN. Would a golf course in your judgment be non-inflationary? [Laughter.]

Mr. GRINER. My judgment is that a lot of these employees are the dependents and widows of military people. I think we should look after their welfare before we carve a golf course out of the jungle. [Applause.]

I hope the committee will not misunderstand me. I am not against recreation for these people. That is all right, but in the meantime, let's pay our people a decent wage, and let's give them decent fringe benefits and decent working conditions.

That is all we ask of you. [Applause.]

The CHAIRMAN. The Senator from Oklahoma.

Senator BELLMON. Let me see if I follow Mr. Griner's remarks.

You are simply saying the operators of the clubs and other facilities pay their employees a very low wage level, and yet have enough profit left over to build golf courses and lodges and this sort of thing?

Mr. GRINER. That is right. They brag about the amount of profit that they make. You will find in my statement of last year where I believe they made $112 million profit for the year before, after taking care of all these fishing lodges and golf courses and bowling alleys and all of these things, and yet they pay our people not enough to exist on, not live on.

Senator RANDOLPH. Mr. Chairman, I think it would be appropriate and necessary that those officials—and I shall not of course attempt to name them or the positions they hold—who are responsible for the system described by Mr. Griner be invited to appear before this committee. They have a responsibility to their employees which must be met.

I think this is very important that we have the opportunity to question those officials. [Applause.]

The CHAIRMAN. We will have the staff investigators go into this so that we are not on a fishing expedition, as I don't believe in holding hearings to go fishing, in the figurative sense of that phrase, that we will follow up John's suggestion here, and see what sort of a case we can put together, and then we will in fairness to all, we will have them here.

Senator RANDOLPH. I agree, Mr. Chairman, that we should go through the procedure of checking these matters. But the charge has been made and we should explore the evidence carefully.

We should not allow a matter of this type to be dropped. I am sure, you and all of the members will agree also that we move rather promptly into this area with an investigation and with possible hearings.

Mr. GRINER. Mr. Chairman, I would like to offer you any assistance that our office can give in connection with this matter.

The CHAIRMAN. Thank you very much.

Mr. GRINER. The files of our union are filled with accounts of some managers using the "4-day" workweek as a device to hire them as "part-time" employees which denies these employees even the meager employment benefits received by so-called "regular full-time employees."

Such employees work for years on a 34-hour workweek which falls 1 hour short of the 35-hour workweek qualifying an employee as a full-time worker.

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

The abuse of the rights of nonappropriated fund employees is universal. The naval stores and the Marine Corps exchanges are just about as bad as the Army-Air Force Exchange System. However, we find as a result of our experience that the Navy and Marine Corps Exchange Service give more consideration to human dignity and human rights than the Army and Air Force Exchange Service.

The Marine Corps Exchange in Jacksonville, N.C., is a case in point. There, employees' schedules have been repeatedly rearranged so that most cannot work a full 40-hour week, even with a Monday through Saturday workweek.

There too, as with the other exchanges, new employees are hired on a "temporary status," and must work 1,040 hours before being converted to permanent status.

Just about the time an employee has worked long enough to approach this limit prescribed by regulation, he is terminated at the Marine Corps Exchange in Jacksonville, N.C., and his employment file "closed." And at the same time, he is given a new employment application to fill out and bring back a few weeks later when he again is hired as a "temporary employee." [Applause.]

I am most happy to find therefore in S. 1086, the bill introduced by Senator Spong, a provision for a new section 5550 regarding Sunday and holiday work pay for nonappropriated fund employees (on pages 21 and 22 of the printed text). I endorse fully that section, and I respectfully request your including it in the wage grade legislation which you enact.

FIVE-STEP SYSTEM ALREADY IN FORCE FOR SUPERVISORS

I have previously established the factual basis in private enterprise practices for a 10-step system for Federal blue collar employees. As to legal precedent in Federal practice, I should like to recall here that in the summer of 1941 during the hearings which lead to the enactment of Public Law 200 of the 77th Congress establishing the 10-step within

grade system for classified employees, not a single one of the witnesses from the Civil Service Commission or the Bureau of the Budget opposed such a system.

In fact, the hearings record shows that Ismar Baruch, the Chief of the Personnel Classification Division of the Civil Service Commission, officially endorsed such action, stating as follows:

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

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

I know also that today the overwhelming majority, more than 90 percent of all wage board employees in fact, are in the third and last step of each grade.

Most of them got there after one and a half years of satisfactory service. Are they then supposed to stay there all the rest of their lives, never moving higher?

This is not a rational approach to developing incentive; this is not good personnel administration of a career system.

Gentlemen, I have heard time and time again the representatives of the Post Office union, they come before you and say our people have reached a dead end. They have no place to go.

Let me say this to you. There are more people in the wage board system that have reached a dead end today than ever happened to be in the postal system. [Applause.]

As I stated earlier, the situation is even worse than that. When we compare the pay range in the classified service grades with that of the wage board, we find that, in the 10-step system of the classified employees, the range of pay between the bottom and the top is 30 percent; and in the 12-step system of the postal field service, it is 36⅔ percent. But the range of pay in the three-step system of the wage board between the bottom and the top is only 8 percent. I say that this is rank discrimination. [Applause.]

I should like to add one more comparison. Today, the wage board supervisory grades have five steps and not three. Moreover, the range of pay between the lowest and the highest of those averages to 15 percent and not 8 percent. Here, then, we find that the present state of affairs discriminates not only between the statutory pay employees, on the one hand, and the wage board employees on the other, it even discriminates within the wage board system itself in favor of the supervisors and against the nonsupervisory employees. [Applause.] I think this is the most abysmal kind of discrimination; and should be ended at once. Remarkably, none of the economizers and budget experts objected when the five-step system for supervisors was installed.

In other words that did not cause inflation.

The CHAIRMAN. Let the record be clear, you are not objecting to a five-step system to the supervisors, but objecting only to the inequity that results when they assume the other wage board employees should live on dedication.

I think that is important that we have those higher up try to take a certificate of dedication to the supermarket and pay for the groceries. [Applause.]

A FINAL COMMENT ON THE PRESENT COORDINATED FEDERAL WAGE SYSTEM

Mr. GRINER. Up until now, I have not dealt with any of the claims of administration officials asserting that the present Coordinated Federal Wage System is working well and should be allowed to develop further before blue collar legislation is enacted.

As a matter of information, I am now told the administration is preparing a wage board bill that has a considerable change in philosophy since we were here before you last year, and I think we realized why they have changed.

I believe that the evidence I have already presented casts doubts on those claims.

Gentlemen, when the Civil Service Commission representative will testify he will point out we only went up 6 percent for the white collar workers, and he will say, "Look at what we have done for the blue collar workers." But they all forget all of the steps that are involved there, and they will omit many other things.

The CHAIRMAN. It makes a difference where you start from when you play with percentages.

Mr. GRINER. That is right. They forget that prior to the time the present system came into effect, when the labor unions are now able to look over their shoulders and see what they were doing, that the pay line looked like an oldtime rail fence. Since then, they had to straighten this pay line out and the "17 percent" increase is the result of this straightening.

That called for some changes. There is another thing that they overlooked. The service trades in such places as hospitals, and in the Department of Defense, were operating at the basic minimum wage, and that is about all I can say about it.

The coordinate Federal wage system eliminated the service schedules and put the employees on the same blue collar schedules as were being used for other employees.

That meant as much as a dollar an hour increase in some cases for those people. It gives you an indication of how badly they were being treated until just recently.

Now, these are some of the reasons why the percentage is pushed up. But while I am talking about wages, never one time has a representative of management pointed out to you that in making a wage survey today we still cannot take into consideration the wages in the construction trades.

There is where, as you and I know, some of the highest wages are paid, but they are exempted, regardless of the size of the city or town, or how well "organized" the area or how well it is "not organized."

I first wish to comment, however, on the assertion that in the last 2 years under the coordinated Federal wage system wage rates have gone up approximately 17 percent, 8 percent in 1969 and 9 percent in 1970. Speaking in generalities, these figures are not inaccurate. But they are misleading.

The main reasons these percentages have gone up is the increase in pay of lower wage grade employees during the completion of the first 2-year cycle of surveys. These were finished in June 1970 and their results are reflected in the 17 percent cited by the administration.

Prior to this first cycle, employees of laundries, food service facilities, and janitorial services were receiving depressed wages. In fact, management largely disregarded the regulations requiring them to pay private enterprise rates and set Federal rates just as low as the market would bear. Therefore, thousands of these employees lost untold millions of dollars in pay before the first cycle of surveys was carried out. Even today, they are underpaid, but at least their pay is nearer to private enterprise prevailing rates.

It is a credit, of course, to the present coordinated Federal wage system that this gross injustice and exploitation has been reduced if not eliminated. But this is not so much a proof that the present system is so good as it clearly shows how bad conditions were in the past.

But has management really improved its attitudes toward these lower wage grade employees?

I have documents showing that it is now firm Department of Defense policy to contract out, wherever and whenever possible, all janitorial services.

Yet it was precisely in these janitorial and other custodial grade positions where the highest increases in percentages in Federal blue collar pay rates had taken place.

It is primarily these grades which account for the greater part of the 17-percent increase over the last 2 years of which the administration boasts. But these people are losing their jobs now. [Applause.]

The CHAIRMAN. Do your documents suggest what they are paying these people in the private sector in contracts for similar jobs?

Mr. GRINER. We know this. It is far below what the Government was paying them, and we know this, the contractors are lining their pockets with the taxpayers' money.

This is happening when the job could be done more efficiently within house, and by a dedicated and loyal employee of the Government that is not looking for the profit angle.

They are looking to do a good job for Unlce Sam.

It is hard to avoid concluding under these circumstances that the Department of Defense is resorting to firing thousands of these impoverished janitorial employees principally to avoid paying them the proper wage.

I shall document my facts on "firing by contracting out" by quotations and by the insertion hereunder, with your permission, of a newspaper report.

The CHAIRMAN. That newspaper report will be made a part of your remarks.

(The news article follows:)

[Birmingham (Ala.) Post-Herald, Mar. 11, 1971]

DEFENSE DEPARTMENT CUTS 1,300 AT CRAIG AFB IN SEVERE STATE BLOW

(By Dick Bell)

SELMA.—Military operations in Alabama, boosted three times since January with announcements of build-ups, received a severe blow Wednesday when the cutback of some 1,300 personnel at Craig Air Force Base here was revealed.

The Department of Defense, in making the announcement, said about 950 military and 350 civilian personnel will be affected by the decision to convert military support operations at Craig to contract status.

Announcement was made Feb. 23 that 200 persons would be added to the Safeguard command at Huntsville's Redstone Arsenal; on March 3, word was released that up to 2,500 in the Army's basic helicopter training program would be moved from Ft. Wolters, Tex. to Ft. Rucker and just this week, Republican Rep. Bill Dickinson said the Air Force was moving its computer operations from Washington to Gunter AFB at Montgomery.

Congressman Bill Nichols from Alabama's Fourth District, said he was "extremely disappointed at the impending reduction in force at Craig . . . . and I am especially unhappy since I have been continually checking with the Air Force about the status of Craig and have been assured time and time again that there were no plans affecting the base or its personnel."

Nichols said the Department of Defense, in a letter to him announcing the planned reduction, said the base support mission for the Undergraduate Pilot Training (UPT) operation had been based on operational readiness requirements which have been reduced.

BEING ABSORBED

The reduced requirements are being absorbed through the elimination of military support authorizations at Craig AFB, the Department of Defense told Nichols.

The reduced requirement permits the current military support workload to be converted to contractor status, the Defense Department said.

"I have been assured that the announcement does not affect the continued operation of the Undergraduate Pilot Training mission," Nichols said, "and the Air Force expects to train just as many pilots in the future as they are training now."

Nichols said he was particularly disturbed because the Defense Department "did not extend me the courtesy of discussing the matter with me prior to the announcement."

The military support personnel to be cut back will involve mainly maintenance, mechanical and other similar jobs.

FEWER PEOPLE

Of the 1,300 jobs to be cut back, one source said the contractor might be able to do the work with as little as 600 or 700 people.

The Air Force said it would make every effort to provide placement for those who are losing civilian jobs. They said many would possibly be hired by the contractor.

Most of the military personnel will be reassigned away from Craig.

One civilian employee, who might be in a position of being without a job or working for the contractor, said that they would lose all civil service ranking, even if hired by the contractor.

Their same job with the contractor would probably be at a much lower rate of pay, resulting in a lower per capita payroll for any of those who are retained by contractors, the employee said.

"HAVE OUR TROUBLES"

"We'll have our troubles, no matter how many the contractor hires," said the employee, who wished not to be named.

Rep. Nichols said he was planning a meeting to be held sometime in early April to discuss the problem and make plans with local leaders for improving the overall mission at Craig.

He said the meeting will be attended by Senators John Sparkman and Jim Allen, Selma Mayor Joe Smitherman, Dallas County Probate Judge B. A. Reynolds and other Dallas County civic and business leaders.

The cutback involves about half of the work force at Craig.

Mr. GRINER. I think this newspaper man really hit at the guts of this contracting out.

These same people that will lose their job will be hired by a contractor at as cheap a rate he can possibly get, and the contractor will make a profit.

On January 14, 1971, Assistant Secretary of the Army, Benton G. Moeller, Jr., wrote me a letter in which the following paragraph, which speaks clearly for itself, is included:

Contract is the Army's preferred method for obtaining custodial services and it is used predominately. At Army installations, custodial service is a function of the Facilities Engineer. The performance of this service by contract is under the supervision of the facilities engineer and the General Services Administration is not involved.

On February 8, 1971, I received a letter from the Assistant Secretary of the Navy, James D. Little, saying in effect the same thing in the following words:

Attached for your consideration is a discussion paper which explains our policy on the "contracting out of support services" by the naval shipyard.

As you will note in the discussion paper, periodic reviews are conducted to ensure that it is still in the best interest of the government to continue contracting out a particular service. . . .

As to the current and future impact on blue collar Federal employees of these Department of Defense policies, I should like to insert the following report which appeared in the Birmingham Post-Herald, March 11, 1971, about cutbacks of 1,300 military support personnel at Craig Air Force Base in Selma, Ala. Among other passages, the report includes the following:

The Air Force said it would make every effort to provide placement for those who are losing civilian jobs. They said many would possibly be hired by the contractor * * *

One civilian employee, who might be in a position of being without a job or working for a contractor, said that they would lose all civil service ranking, even if hired by the contractor.

Their same job with the contractor would probably be at a much lower rate of pay, resulting in a lower per capita payroll for any of those who are retained by contractors, the employee said * * *

The cutback involves about half of the work force at Craig.

That is not all they lost, Mr. Chairman. They will not only lose a decent living wage, they will lose whatever civil service retirement rights, the health benefits, the insurance rights, and all of those things that you and I and some of the rest of them have, that you have got for these employees over a number of years.

Maybe the contractor will have a pension plan. You and I know what happens to the pension plan when the contract goes out.

What about veterans' benefits?

That is meaningless in these contracting situations.

Now I will not offer this summary. I know Mr. Ryan might have a few words to say. What I have said in this summary is more or less what I tried to explain this morning.

The CHAIRMAN. Your full summary will appear intact along with your remarks, so they will not be lost. That will be inserted at this point in the record.

(The statement follows:)

SUMMARY AND CONCLUSION

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

The great merit of the wage board bills before you is that they will bring equity to wage board and non-appropriated fund employees in an orderly, constructive

manner, relying on the positive experiences of the past. These Bills definitely are not going to introduce radical or untried concepts into the Federal service.

Proof of this lies in comparing the provisions of these Bills with the provisions of Chapter 532–1 of the Federal Personnel Manual of January 10, 1968, which governs Wage Board employees. Basically a good many of the same kinds of techniques, procedures and modalities of inter-agency cooperation envisaged in these Bills already exist in current regulation.

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

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

1. The composition and role of the National Wage Policy Committee; with a neutral chairman;
2. The inclusion of employees of non-appropriated funds in the wage board system;
3. A statutory provision for the cooperation of private enterprises having government contracts in the conduct of the local wage surveys;
4. The introduction of a ten-step Wage Rate Schedule;
5. The provision of equitable overtime, shift differential and travel time pay;
6. The provision of a five-day workweek with two consecutive days off.

These differences summarized under those six clauses, contain the gauge and measure between a modern, equitable wage grade system and the one we have today. In concluding, I earnestly ask you to enact all of them into law.

Mr. GRINER. I want to express my appreciation to you, Mr. Chairman, and members of the committee for the opportunity of appearing before you this morning, and I too hope we can get some early resolution of this wage board situation. It is deplorable. [Applause and standing ovation.]

(The following correspondence was subsequently supplied for the record:)

MARCH 30, 1971.

Hon. ROBERT E. HAMPTON,
Chairman, U.S. Civil Service Commission,
Washington, D.C.

DEAR BOB: In his testimony before the Committee on Post Office and Civil Service on wage board legislation yesterday, AFGE President John Griner stated that 71,845 blue collar employees were dismissed from the Federal service during the period July, 1969 through July, 1970 (page 3 of his prepared testimony).

This figure seems unusual. I would appreciate your advising me whether the rate of dismissal was this high or if other factors contributed to the decline in employee population.

Hearings on wage board legislation will be resumed after the Easter recess at which time I will ask you to testify.

Kind regards.

Sincerely,

GALE MCGEE, *Chairman.*

U.S. CIVIL SERVICE COMMISSION,
Washington, D.C., April 13, 1971.

Hon. GALE MCGEE,
Chairman, Committee on Post Office and Civil Service,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your letter of March 30, 1971, concerning testimony of AFGE President John Griner before the Committee on Post Office and Civil Service on wage board legislation. Mr. Griner stated that 71,845 blue collar employees were dismissed from the Federal service during the period July 1969 through July 1970 (page 3 of his prepared testimony).

Mr. Griner cited that in July 1969 there were 745,735 blue collar employees of the United States and that in July 1970 there were only 674,250, or a reduction of 71,845. These figures include foreign national employees in overseas areas. However, since Mr. Griner said they were employees *of* the United States instead of *in* the United States his statement was correct although somewhat misleading.

The number of wage system employees in the United States dropped from 592,218 on June 30, 1969 to 545,373 on June 30, 1970. This was a reduction of 48,845 wage system employees. During this same period the number of General Schedule employees in the United States dropped from 1,273,695 on June 30, 1969 to 1,263,556 on June 30, 1970. This was a reduction of 10,139 General Schedule employees.

The above figures indicate net reductions. They result from many causes including death, resignations, retirement, removal, separation by reduction in force or reclassification from Wage Grade to General Schedule and vice versa. The Civil Service Commission does not maintain records on type of separation broken down to Wage Grade or General Schedule employees. This information is compiled by type of separation rather than type of employees.

Our records reflect that during fiscal year 1970 the percentage of separations from the Federal Government was distributed as follows:

	Percent
Quits	47. 27
Transfers	4. 22
Discharges	3. 74
Reduction-in-force	7. 43
Termination	20. 77
Extended LWOP, suspension	4. 87
Death, retirement	11. 65
Displacement	. 05
Total	100. 00

We expect to complete the review and coordination of our legislative proposal for a Federal Wage System in the very near future. We will submit it to the Congress as soon as possible and I will be pleased to testify in support of our proposals.

Kind regards.

Sincerely yours,

ROBERT E. HAMPTON, *Chairman.*

The CHAIRMAN. We will now hear from Mr. William H. Ryan of the Metal Trades Department, AFL-CIO.

STATEMENT OF WILLIAM H. RYAN, NATIONAL COORDINATOR AND LEGISLATIVE REPRESENTATIVE, GOVERNMENT EMPLOYEES DEPARTMENT OF THE INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS, AFL-CIO; ACCOMPANIED BY SAUL STEIN, METAL TRADES DEPARTMENT

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

I am accompanied by Mr. Saul S. Stein, general representative of the metal trades department.

At the outset, I convey the appreciation of our affiliated unions to the chairman of this committee for scheduling hearings, to Senator Moss, and the several other members of the Senate who have sponsored companion bills to S. 231.

All of the 22 affiliated unions of the metal trades department wholeheartedly support the objectives of this proposed legislation with

minor clarifications for which we urge your consideration to insure that the intent of the legislation is clear and objective in bringing about much-needed wage reforms for the Government's wage board employees and nonappropriated fund employees and other groups of employees covered by this proposed legislation.

The main objectives of the bill are to bring about a 10-step pay progression (automatic) in each labor grade, similar to the pay progression set by law for Classification Act (white collar) employees.

Equity and pay justice dictates that blue collar employees be treated equally to the treatment of white collar employees. Under the present administratively controlled coordinated Federal wage system the prevailing rate employees are severely limited to wage progression beyond step 2 of their wage grade.

On the other hand, Classification Act employees can progress to step 10, which provides over 18 percent in longevity increases beyond their fourth step which is considered comparable to the wage board employees' second pay step.

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

We also support the provision which would establish a Federal Prevailing Rate Advisory Committee composed of 11 persons as indicated in the bill with the Presidential appointment of a Chairman not holding any other position in the Government and/or the District of Columbia.

Our experience under the CFWS with a chairman designated by the Chairman of the Civil Service Commission has been, to say the very least, very frustrating. [Applause.] The weight of logic and merit of our presentations fall on deaf ears and we are continually faced with six to five votes against any realistic proposal we set forth in the National Wage Policy Committee.

We believe that a chairman with no ties to any Government agency will provide the Advisory Committee with a more objective approach in reaching decisions. [Applause.]

We very strongly endorse the language on lines 19 through 24 on page 2 of the bill which would require firms under contract with the Government for providing services or goods, to be responsive to furnishing wage data to the wage fixing system. [Applause.]

Under the mistaken belief that such data is released publicly, many firms and associations of industries have refused to furnish wage data in usable form to accomplish the establishment of comparable area rates for Government prevailing rate employees.

The refusal to furnish such wage rates has worked against the objective of establishing comparable area wage rates, and we urge the Congress to retain this necessary provision of the bill.

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

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

We also recommend that language be added to the legislation which would make it clear that all time spent in a given labor grade be counted toward entitlement to pay step increments upon the effective date of the law. Equity and fairness dictate that prevailing rate employees be credited for all time spent in their current labor grade.

Classification Act employees have been enjoying the benefits of these additional pay increments for many years where, on the otherhand, prevailing rate employees have been denied these progression wage increases based upon job performance of "satisfactory" and length of service within grade.

Under the current CFWS procedures, construction pay rates are not used from the private employment sector to construct a wage pay line for prevailing rate employees, despite the fact that in many instances, private contractor employees performing maintenance functions on military bases work side by side with Government prevailing rate employees. The contractor employees are paid the area construction rates for such work, and the Government employee receives considerably less hourly wages.

We strongly urge the Congress to adopt legislation which would, at the very least require the collection of wage data from contractors engaged in construction and/or maintenance functions where the area construction wage rate is paid for work comparable to that work being performed by Government prevailing rate employees.

We submit that it is unreasonable and unfair to expect Government employees to work side by side with contractor employees on comparable jobs and receive lower hourly rates of pay.

We have experienced situations where area surveys of private industry in a given wage area would not provide data sufficiently high to provide wage increases for prevailing rate employees that would equal the rise in the BLS Consumer Price Index (CPI).

This condition occurs when certain large industry samples are secured from a depressed economic area or from an industry which is going through an economic depression period.

It is unfair to saddle prevailing rate employees of the Government with the adverse effect of depressed economics over which they have no control, and at the same time deny wage adjustments which would, at the very least, keep them abreast of the upward spiral of the CPI.

We urge the utilization of BLS–CPI as a reference for establishing minimum increase provisions for prevailing rate employees.

Prior to the issuance of a local prevailing rate wage schedule, a determination should be made of the amount of percentage increase by which the national CPI for the wage survey order date month exceeds the national CPI for the month in which the preceding wage survey was ordered.

After that determination is made, then use a formula for translating CPI increases to a flat cents-per-hour minimum increase.

We propose the following conversion formula: A cents-per-hour increase for each 1.0 percent increase in the CPI—rounded to the nearest percent—times the rate for wage grade 7, step 2, on the schedule for the wage area.

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

In closing, Mr. Chairman, I again express the appreciation for the Department's 22 affiliated unions for the opportunity to set forth to this committee our views in respect to this very important and much needed legislation.

We urge this committee to report this bill, with the changes we have recommended, at an early date so that timely Senate consideration can be given by the Senate to the proposed legislation in case it is necessary to attempt to override a Presidential veto.

The CHAIRMAN. Thank you, Mr. Ryan, for your testimony.

We will recess open end until we assemble an additional group of witnesses, and we intend to pursue this question relentlessly.

We will have some of the other unions testifying. We will have the Civil Service Commission testifying.

I suspect we will end up having some of the Pentagon here testifying as the question indicated this morning that were alluded to, but I want to guarantee one thing. This committee will get this out in sufficient time that there can never be a belated veto, or even a pocket veto to bypass the truth.

The hour of standing up and being counted has come, and we want the Congress to have a full control of the options to which judgment as to what ought to be done in the interest of equity and fairness in this field. [Applause.]

This first day of the hearing then is now adjourned until our resumption of it as quickly as we can assemble the witnesses.

(Whereupon, at 12:30 p.m., the hearing was adjourned.)

WAGE BOARD LEGISLATION

THURSDAY, APRIL 29, 1971

U.S. SENATE,
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
Washington, D.C.

The committee met at 10 a.m., pursuant to call, in room 6202, New Senate Office Building, Senator Gale W. McGee (chairman of the committee) presiding.

Present: Senators McGee, Burdick, Moss, and Fong.

Staff members present: David Minton, staff director and counsel; Clyde DuPont, minority counsel; Richard G. Fuller, and Dan Doherty, professional staff members.

The CHAIRMAN. The Post Office and Civil Service Committee will come to order.

This hearing has been convened to take testimony on legislation relating to wage board employees.

At the request of the administration last week, I introduced S. 1636, an official recommendation of the administration to establish a statutory wage board pay system.

There was a legislative effort by the Congress last Christmas to enact wage board legislation, an enactment that was subsequently vetoed by the President.

So against that backdrop, we will have our first witness this morning, Hon. Robert E. Hampton, Chairman of the U.S. Civil Service Commission.

I am sure that the Chairman will address himself primarily to the administration's recommendations, and his testimony will give us an opportunity to examine in some depth just perhaps what the President intends to do, other than veto the pay increase, since that is already a matter of record.

We can proceed from that point. We are not interested, incidentally, in legislation coming out of this committee just for making speeches. We are interested, at this time, in something that we can carry out into law.

With that thought in mind, we will proceed in any way you see fit, Bob.

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

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

I would like to say, before getting into my formal statement, that we share your objective in trying to get legislation this year. We certainly do not enter these hearings with anything in mind like a veto, and hopefully, we can work out something.

60-372—71——13

The CHAIRMAN. One of the reasons we are pushing this along as rapidly as we are is that with reasonable legislation, we suspect that the two Houses do have the sufficient mandate for followup actions, should there be another veto.

We didn't have that option at the end of the Christmas session. We would just as soon not go the override route. We hope we can arrive at a constructive solution to this in cooperation, but I think the feeling among the Members of Congress, and particularly among the members of the committee, is very strong now.

We felt that this was an unwise decision down at 1600 Pennsylvania Avenue last Christmas time, and it probably will, whatever else, make it a more expensive decision. Things are changing, churning a little bit.

I didn't mean to interrupt your own speech.

Mr. HAMPTON. I appreciate that very much, Mr. Chairman.

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

I wish to express my appreciation to you, Mr. Chairman, for introducing S. 1636 in order that the proposal could receive the consideration of this committee.

I don't say this in an insincere way. I think it reflects the type of cooperation that you have between the executive and legislative, knowing full well that you didn't favor the legislation, at least you introduced it so we could get a hearing.

The CHAIRMAN. I might add, Bob, that we have had a refreshing measure of leadership in the Civil Service Commission, that hasn't always been matched at the White House level. We think that the Civil Service Commission ought to be higher than, and more farsighted than, and more enduring than any administration.

The kind of cooperation and leadership we have had at the Commission has been a kind of vindication of the system.

Mr. HAMPTON. Thank you very much.

The CHAIRMAN. If that incriminates you at the White House, I will withdraw that statement, but no comment is required.

Mr. HAMPTON. I don't think it is incriminating, I had the opportunity a few weeks ago of going before the House and making a presentation on what has happened in the last several years in the record of the 91st Congress, and the legislation that was passed involving Federal employees, I think is probably the most outstanding record in many a decade, and to say it was done in 2 years, particularly when you had postal reform up here, is really something.

The CHAIRMAN. I suspect we did better in this field than in the other that took so much of our time. We have a lot of headaches there yet.

Mr. HAMPTON. We are concerned about the issue of blue-collar pay because this issue today presents a problem, the solution for which, in the end, must reflect the interest of the employees, the executive branch, and the public—that is, the burden of cost borne by the taxpayer.

We recognize that the latter point is of grave concern to the Congress as well as to the administration. It must be considered very

seriously in deciding the answers to the very important pay questions now before us.

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

One of our major legislative goals for 1971 is to establish under law a system governing blue-collar pay. It had been the general view that the Commission was opposed to pay legislation in this area, and that we preferred to work with a system that was established by executive action. That is not the case.

We have objected to certain features of proposed bills in the past because we felt they were contrary to proven practices in private industry.

When Mr. Jacobson appeared before the Civil Service Subcommittee of the Senate Committee on Post Office and Civil Service in June 1970, he indicated that the coordinated Federal wage system, then relatively new, was entitled to a "shake down" before it was replaced by law.

The CHAIRMAN. You left out the word "period." The phrase "shakedown" doesn't have a positive connotation. Let's not incriminate us before we get underway here.

Mr. HAMPTON. That is right. I should have said, "shakedown period."

He stated that a report on the operation of the system could probably be ready early in calendar year 1971 and that, if legislation then seemed necessary, it could be based on a full round of actual experience.

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

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

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

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

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

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

In fiscal terms, we are talking about an enormous public investment. By the latest data available to me, Federal blue-collar wages at present

amount to about $4½ billion per year. We want to be certain that this vast sum of public money is administered with utmost prudence.

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

It is this kind of unwarranted spending that serves to "feed" inflation, and is grossly unfair to the taxpayer.

We are talking about a system that has evolved over the years, and one that, by and large, has evolved in the right direction. To use one example, and we make no attempt to be melodramatic when we say this, most blue-collar workers in the Federal service have had pay comparability for 100 years——

The CHAIRMAN. I am sure that will come as news to a lot of us, and we will be glad to hear that.

Mr. HAMPTON. It may, sir, but I think most of them are aware there has been annual wage surveys and annual adjustments and I think figures that we have here will show that we have gone back pretty far, to 1945, to make——

The CHAIRMAN. You are proceeding to those figures?

Mr. HAMPTON. Yes, sir.

The CHAIRMAN. Thank you.

Mr. HAMPTON (continuing). Whereas the concept was not even embraced for white-collar workers until 1962—and not achieved until the last 3 or 4 years. The point we are stressing here is that in our zeal for change, we should be careful not to throw the baby out with the bathwater, for much of what has evolved over the years is still sound.

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

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

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

The administration's proposal provides that:

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

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

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

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

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

Wage surveys will be conducted by the Bureau of Labor Statistics.

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

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

There has been some publicity indicating that the administration's bill will take away many benefits which employees are now receiving. This is not so—employees will not lose any existing benefits if the administration's bill is adopted.

The only major change in the bill provides that the Bureau of Labor Statistics will make wage surveys. This is now done by lead agencies. This new feature does not take anything away from the employee for unions will continue to participate in the conduct of hearings and the development of specifications for these surveys.

Specifically, we would plan to continue existing union participation in the local, agency, and the national committee structure. The coordinated Federal wage system will serve as the basic vehicle for advancing to the new Federal wage system.

Let me add something that is not in my statement here. It appeared from some of the stories that I have read that there was the impression that there was in existence a statutory system for setting blue-collar pay, and this again, is not the case. The general authorization is simply to pay the prevailing rate.

The system was established by Presidential memorandum and implemented by regulations of the Civil Service Commission. This does not have even the standing of an Executive order.

So we have a system now that was put into effect jointly by management and by unions, and it is something that is not being taken away, because it is something that has never really been granted. I think that we would be out of our minds if we thought we could be regressive in terms of making changes in that system.

Our idea is still the principle of really and truly paying a fair and true prevailing wage.

I wanted to make that point here.

Senator FONG. What you are saying, Mr. Hampton, is there is no law except the provision that provides for prevailing wages?

Mr. HAMPTON. That is correct.

Senator FONG. Everything you have worked on is private regulation?

Mr. HAMPTON. Yes, sir.

Senator FONG. There is no statute on the question as to how this is to be arrived at?

Mr. HAMPTON. No, sir.

Let me turn now to a discussion of the important features of the administration's proposal.

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

1. FEDERAL WAGE SYSTEM ADVISORY COUNCIL

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

Basically, this council would be what we now have under the coordinated system. We have been impressed with the way the present committee has worked and have confidence in it.

Literally hundreds of issues have been brought before this committee over the past 2½ years and in most instances, agreement has been reached by consensus.

We think that this is the way it should be. The council is not an arbitration panel. It is not even important that they vote on issues. What is important is that they explore all sides of an issue. When there is a consensus view, that is fine.

But when there is disagreement, it is more important to the President's agent to know the views and rationales of all parties, than it is to add the votes and see which side has a majority.

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

Some hold the view that he should be selected by the President from outside the Government to insure impartiality, and it was told to me yesterday, his independence.

No one can maintain the cloak of impartiality once he begins to make decisions. After two or three decisions, a pattern must appear and the individual is labeled—whether promanagement or prounion.

We do not need a part-time outsider for this job. We need a carefully selected expert who understands the Government's problems and who can bring to the President's agent all the facts needed to make a good decision. If this bill is enacted, I propose to have Mr. Jacobson serve as my designee on this council. He has been performing these duties for about the last year and three-quarters.

This is not a full-time job and these duties would be assumed in addition to his other responsibilities as Director of the Bureau of Policies and Standards.

2. FLEXIBILITY ON TECHNICAL MATTERS

We have indicated that the administration's proposal calls for Congress to approve broad policies, but that technical matters be left open to the administration's discretion, within the framework of responsible broad policy.

Other proposals would tie down in law such matters as step rates within a grade, shift differentials, and so forth. Since this is an area of crucial importance, we would like to speak to this point at some length.

First, take step rates.

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

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

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

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

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

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

The current three-step rate structure adopted for the coordinated system was established in recognition of agency practices and industry practices that existed when the system was adopted. BLS studies available at the time showed that the predominant practice among companies surveyed was to pay a single rate rather than multiple rates.

On the other hand, most employing agencies were operating under a three-step rate plan. Although single rate plans predominated in industry, there was a considerable showing of multirate practices. So we adopted the existing practice of agencies.

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

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

Such studies were made by the Civil Service Commission in 1968 when we were establishing a supervisory pay plan, and these studies identified the need for broader rate ranges so we established a five-step rate plan for supervisory employees based on this industry pattern.

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

Senator FONG. What you are saying, Mr. Hampton, is that presently in the private field, there are two different systems?

Mr. HAMPTON. Yes, sir, there is a system for blue-collar workers and there is a system for white-collar workers.

Senator FONG. And this is the general prevailing practice?

Mr. HAMPTON. Yes, sir. In the blue-collar field, a majority of the industries pay a single rate. That rate may vary, because one employer may pay lower than another employer, and we use an averaging of those to arrive at our rates.

Now this last survey was made in 1964, and that data is 7 years old. We have found in this personnel business that 7 years is a long time, and there may be changes.

We don't know what the picture actually is today, except from our wage survey data. But we will have a new study that will be completed very shortly as to what is going on.

The point that I was trying to make in my testimony is that we use the prevailing rate principle as a matter of pay setting. If industry paid five rates and we use the prevailing system, we should use five. Also 10. That is the basis for comparability to pay the prevailing rate in an area.

We want the flexibility to do this. I think if we are remiss in administering this wage system, that Congress has the authority to see that we are carrying out the principles and policies that you set by requiring us to make a yearly report and holding our feet to the fire to do it.

Senator FONG. Prior to 1968, you had how many steps for the rates, please?

Mr. HAMPTON. We had five for supervisory.

Senator FONG. When did you apply the five steps to supervisory employees?

Mr. HAMPTON. It was applied when the coordinated system was implemented.

Senator FONG. Originally?

Mr. HAMPTON. Yes.

Senator FONG. In 1968 you had another review, you said?

Mr. HAMPTON. Yes. In 1968 we also made a review on nonsupervisory blue-collar pay, which showed that in industry nonsupervisory people were being paid mostly on a single rate. There are some industries that do use the multiple rate, but the predominant practice in the industry is a single rate.

We adopted the three-rate system in our coordinated wage system when it was implemented, mainly because this has been existing agency practice for many years, and we felt that there were some multiple rates and it would be regressive, in a sense, to discontinue something in the coordinated system that had been used by the agencies over a period of time.

Senator FONG. Do you have anything in your prepared statement here to answer the statement made by Mr. Griner relative to the difference in pay of different people in various cities, showing the lower rate and the high rate, and how the medium rate was struck?

Mr. HAMPTON. Yes, sir; I have that in my testimony.

The CHAIRMAN. I ask you, Bob, at the point at which you are now in your statement, as you are describing the two different systems, is the private industry practice equitable?

I haven't heard that word raised here yet. I sense that we are trying to do it like they do in private industry, and the only missing link there is, is it the wisest system? Is it the most equitable system?

Mr. HAMPTON. I can't honestly answer that question, Mr. Chairman.

The CHAIRMAN. Does that word equitable have no place in our final calculations?

Mr. HAMPTON. I think equity does have a place. I think when we started, the basic principle that had been set down, in say, Texas, was that we pay our employees in Texas what the employers in Texas are paying. We haven't really gone behind some of the practices of the employer itself, to see whether this is good or bad, because what we are doing is really meeting the prevailing rate in that particular area.

Now most industry, or a large part of the industry, that we use for a comparison basis, is unionized and they have contracts. These have

resulted from bargaining, and we assume from that standpoint that the unions have enough strength to protect themselves on the question of equity.

I think what comes into play here is that we are saying that if we are going to pay a rate that is based upon local prevailing rates, that we should also, in our employment practices, parallel somewhat those practices in private industry.

I am not sure that is the case, myself, but I am still a firm believer that there are differences in the private sector and the public sector. I think we have drawn a closer parallel in blue-collar, because they are industrial-type jobs, and a lot of people are quick to say that, well, if they are industrial-type jobs, then we will treat our employees like industrial employees, and so forth.

So from that standpoint, equity is a real consideration. From the standpoint of equity that may exist in having the single system, say in the State of Texas, that is a question that we haven't gone beyond.

I know that where there are multiple rates in industry—and I think this needs some further study—these rates are paid on the basis of seniority, merit, productivity, and a variety of different reasons.

It isn't solely a question of seniority, in many cases, where you have been in a job for so long that you then move up. I have worked in a factory myself, as a timekeeper, and I knew of people who worked on drill presses and lathes and other things, who were doing the same job yet got different rates because I used to have to put their pay rate down on a time card. So there is no real easy answer on this.

Later in my statement I try to deal with the issue of what happens when you make a survey and how we make this comparison.

The CHAIRMAN. I injected that because I didn't want to leave the record so that anybody could possibly conclude from it that the leadership of the private sector was infallible leadership; that it is spotless.

Whereas we might get guidelines or relevant comparisons, there are real questions as to what is wise and right, and to the extent we could get helpful guidance, it would be valid. But some of the private sector has led us down the wrong path the last 2 or 3 years, and we have had some rather difficult experiences as a result. That is the reason for asking you for that clarification.

Mr. HAMPTON. I am glad you did, Mr. Chairman. It is one of my favorite subjects. I feel there are significant differences in the employment in the public service, and our personnel system should be developed on the basis of meeting our needs as we see them.

I think this requires us to take a little more risks and be a little more innovative than just following private industry practices where they are not fully adaptable.

Mr. MINTON. It is interesting that you use Texas as an example, because we have several Air Force bases in San Antonio and Austin, Tex., where you have a lot of laundry workers, and when I was a practicing attorney in Austin, Tex., a number of years ago, I used to assist in importing wetback labor into Austin where they were paid 40 cents an hour.

This was in 1961, and at that time they were excluded from the Fair Labor Standards Act, and if you had come around to the big industrial laundries in San Antonio and Austin you would have found a prevailing rate that wasn't even one-fourth of the Federal minimum wage.

Lawyers will do anything for money.

The CHAIRMAN. You say you assisted in that service?

Mr. MINTON. Yes, sir.

The CHAIRMAN. You said that. I have always believed it, but you stand on that record.

Senator BURDICK. As a lawyer, I object.

The CHAIRMAN. We are surrounded by lawyers. I am the only neophyte. I never did that.

Senator FONG. It has been a long time since I practiced law.

The CHAIRMAN. Now you are trying to sneak out.

Mr. WEISSENBORN. If I may interject, at this point, one of the very early decisions that was made to depart from the practice of setting special schedules geared to these marginable type industries, such as laundries, the food service activities, and so on.

We proceeded immediately, and in some cases in advance of installing the coordinated system, to eliminate those special schedules and to move those employees to our regular schedules which are keyed to a broad industrial base, rather than to a service industry base. I think this is a good indication of the response to the question of equity.

Here is a case where we did depart from the private sector practice in consideration of the needs of the Federal service. So these employees now are paid from a basically heavy industry oriented type schedule, and this causes our rates for food workers, laundry workers, to be materially higher than the rates being paid in their direct counterpart service, because we are not, using those kind of industry in our survey. In fact, they are prohibited from being included in the surveys.

Senator FONG. In other words, instead of having comparability in these service industries, you actually are setting the pace?

Mr. WEISSENBORN. We have established the principle of following the broad industry-type survey, as the basis for our pay schedules rather than relating small groups of employees in typically low paid occupations directly to their counterpart.

In other words, we have the problem of equity across occupational lines in our structure, and we concluded that we could achieve this equity better by putting as many people possible on the same kind of schedule and having it oriented to a broad spectrum of the industry in the area. This is the kind of schedule that we now have.

Senator FONG. In other words, where you found that there were pockets of depressed wages, you disregarded that and went to the broad industrial level?

Mr. WEISSENBORN. That is right.

Senator FONG. May I ask you, Mr. Hampton, you said that the blue-collar workers have had 100 years of comparability, and then you said in 1968 here, when you worked on the supervisory wage scale, you went on a five-step rate plan for supervisory employees.

Now, am I to assume that initially when the wage steps were put in, the three-step rate plan for all employees, supervisory employees had the three-wage step?

Mr. HAMPTON. No, the supervisors have a five-step rate now.

You mean before the Coordinated Federal Wage System?

Senator FONG. Yes. I want to find out when was it that the supervisory employees began enjoying a five-rate step?

Mr. WEISSENBORN. The supervisors went to the five-rates with the installation of the Coordinated Federal Wage System in their wage area. Prior to that time, most agencies had provided the same number of step rates for supervisors as for the workers. This was, for most agencies, three steps.

In 1968, we conducted a special study of the larger employers across the country in the kinds of industry that we include in our regular surveys, looking specifically at the pay practices followed in those industries for supervisors, and we used this largely as a basis for our supervisory pay plan under the coordinated pay system.

As part of that study, we found that most supervisors in these companies were paid from a rather broad range of rates, and we concluded that we, too, must move to a broad range of rates to be reasonably in line with industry.

It was at that point we put in the supervisory plan and provided for a five-step system which has a total range of rates of 20 percent, keyed to the middle rate.

Senator FONG. So the supervisory five-step rate has now only been in existence for about 3 years?

Mr. WEISSENBORN. That is right.

Senator FONG. At that time when you adopted the coordinated Federal wage system, did you make a survey of the steps in the other classifications outside of the supervisors?

Mr. WEISSENBORN. For the nonsupervisory employees at that time, the most current data we had was an early study conducted by the Bureau of Labor Statistics which showed that somewhat more than half of all the employers paid their nonsupervisory workers a single rate.

There was also, though, among the other employers, some showing of a multirate practice, and we considered three things at that time: the majority of industry employers were paying a single rate; the fact that there was some multirate practice in private industry, and the fact that the agencies for years had been paying multirates.

And in consideration of agency practice, plus some substantial showing of multirate practices in industry, we concluded that we should stick with the three-rate system rather than arbitrarily moving to a single-rate plan.

Senator FONG. In other words, although your showing at that time showed that more than half of the industry had a single-rate system, you felt that you should continue with your three-rate system?

Mr. WEISSENBORN. That is right.

Senator FONG. May I ask whether your surveys are now being made relevant to what the situation is?

Mr. HAMPTON. Yes, sir.

Senator FONG. How far are you into that?

Mr. HAMPTON. Ray, you know the exact date.

Mr. JACOBSON. The Bureau of Labor Statistics is completing now the survey of industry practice on a nonsupervisory rate structure. They tell us they will have their final figures ready by the end of May or the first week in June, perhaps. So that will give us an updating on a rather current basis of the older information that Mr. Weissenborn was referring to earlier that we used back in 1968 when the system was being established. So we will have the new data on this about the end of May.

I might say that in addition to that data which BLS is gathering, we now have the ability—in view of the fact that we have a coordinated system—to find out in the industrial plants we visit, what the rates are area by area around the country, and there are many thousands of plants that are visited over a year.

We have the ability to check in more detail than BLS is checking, and we will be able to supplement the BLS data with a special rate study of our own, which will give us even more information, and on the basis of that, we would expect to reconsider the rate structure for nonsupervisory employees.

Senator FONG. When do you think that information will be made available to this committee?

Mr. JACOBSON. The BLS information would be made available as soon as we receive it, which would be the first week in June, I assume. The other data I was talking about will take a little longer. It may take us a month beyond that to have it all put together, and we had planned to do this, actually, on a longer range basis.

But we could probably pull it together in about 60 days from now, rather than 30 days.

Senator FONG. The other data that you refer to, what does it supplement?

Mr. JACOBSON. Let me explain it this way. The BLS data will show us specifically what companies are paying single rates, and what companies are paying multirates, and for those companies that are paying multirates, whether the difference in the rates paid is based on seniority or service, or merit or a combination. So those are the facts we will have.

However, what we will not have from the BLS data is the industry practice on the spread between their minimum and maximum rate, and the number of steps. In other words, we would know they have several rates, but we would not know whether the minimum and maximum were 10 percent apart, 20 percent apart, or 30 percent apart.

That is the supplemental data that we would hope to get on a pretty substantial sampling basis, in the immediate future.

Senator FONG. So the data which will be gathered by the second survey would be very relevant in giving you a better picture of the current situation?

Mr. JACOBSON. Very relevant; yes, sir.

Senator BURDICK. On these surveys, do you have any workers engaged in the survey or just supervisors engaged in the surveys?

Mr. JACOBSON. I assume, Senator, we are talking about the survey practice. The regular area wage surveys that are conducted are conducted by a team of data collectors, including union representatives and management representatives.

Senator BURDICK. Mr. Hampton, I would like to get back to the statement you made on which there has been some discussion this morning.

You say:

> To say that GS and wage employees should be treated alike in this respect would fail to recognize that we have two different systems, each of which should be patterned after its own counterpart prevailing industrial practice.

This causes me some concern, because my understanding—and I have personal knowledge of one plant in my area, where the union

contract embraces both the pipeworkers and the officeworkers, and that all the conditions of the contract regarding increases in wages, working conditions, seniority, apply all the same.

It is true that you have different wage classifications, but you have different wage classifications within the blue-collar workers, and perhaps different wage classifications within the white-collar workers, but the point is, they are under the same union contract.

How can you say, in view of this practice, they are two separate systems?

Mr. HAMPTON. I think this practice at this plant that you cite is an exception rather than the rule.

Senator BURDICK. You don't think there are many contracts in the country that embrace the officeworkers and the blue-collar workers?

Mr. HAMPTON. No, sir; not to my knowledge.

Senator BURDICK. Maybe there aren't, but I do know of this one case. I just happened to think back to it when they were referring to their law days here awhile ago.

The CHAIRMAN. Thank you. You may go ahead.

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

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

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

The band of rates found among all employers in an area has no significance for step-rate purposes. What is important is the range of rates paid by the individual employer. It is the prevalence and extent of rate range practices of individual employers that BLS is now studying and that we would supplement with our own survey data to determine if changes are needed.

This is a separate issue. Certainly you cannot compensate fairly for high and low averages of individual job rates found in a local survey by increasing the number of steps that you pay to Federal workers.

Senator FONG. Will you expand on that and make it more clear for us?

Mr. HAMPTON In other words, if you make a survey, you will find that, say, company A pays their employees this rate—that is, I will try to get it down to a hypothetical question—say they pay $2 for a welder. In that same survey area, you may have another employer that pays $2.50 for a welder. We might find another employer who pays $3 for a welder.

The rate range is not solely just a question of from $2 to $3. In other words, we are looking at a single rate paid by individual employers. We average these rates to establish our area pay schedule so that we are not paying less than the lowest or more than the highest. I have a chart later on in my presentation that I think will make this more clear.

Senator FONG. Yes.

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

Now, let's turn to night shift differentials.

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

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

3. WAGE SURVEYS BY BLS

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

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

BLS presently conducts the national survey which serves as the basis for white-collar Federal workers' salary adjustments. BLS also conducts area wage surveys in many of the wage system areas.

Additionally, it surveys wage occupations for many other areas under the McNamara-O'Hara Service Contract Act. These latter findings are used to establish minimum rates for employees of companies providing contract services for Federal establishments.

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

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

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

4. EQUITY

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

Senator FONG. Before you go to that, you are now saying that the gathering of wage data in the blue-collar system is done by a lead agency?

Mr. HAMPTON. That is right.

Senator FONG. You said that is not as desirable as letting the Bureau of Labor Statistics do that?

Mr. HAMPTON. That is right.

Senator FONG. You are saying that under the white-collar system, the BLS does the work?

Mr. HAMPTON. Yes, sir.

Senator FONG. But presently the lead agencies are doing it for the blue-collar workers?

Mr. HAMPTON. Yes, sir.

Senator FONG. And you believe that everything should be under BLS?

Mr. HAMPTON. Yes, sir. The BLS, in many cases, is doing a similar survey as we are doing under the McNamara-O'Hara Service Contract Act or under their regular area survey program. We have had employers say, "We have always got a Government wage survey team in here looking at our rates." They feel it is sort of an imposition, that BLS comes in there and does a white-collar survey as well as a blue collar wage survey in the same area that we are in. Then we send another survey team in. We have had some reluctance by companies to provide this data because it is an inconvenience, and of course, it is vitally needed as a basis for setting our rates.

It is a sensitive area and there has been some reluctance on the part of companies to participate. We must have this data. It was also recommended by a study committee sometime ago—I forget the exact name of that committee—that there should be one statistical gathering agency in the Government rather than several agencies duplicating their collection efforts.

Senator FONG. Is the BLS force spread around the country so that they are able to do all this?

Mr. HAMPTON. Yes, sir.

Senator FONG. Are they now gathering data for the white-collar workers throughout the country?

Mr. HAMPTON. Yes, sir.

Senator FONG. So there will not be a need for any additional personnel?

Mr. HAMPTON. I think they will have to add some personnel, because this is an additional workload. I think that would be offset by the fact that other personnel would not be engaged in this activity from another agency.

Senator FONG. Thank you.

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

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

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

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

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

The CHAIRMAN. Does that mean there, Bob, that because it has increased four times, that his pay is equitable? I keep going back to that.

In other words, we have played numbers a lot, and if you start low enough, you can increase it four times without being high enough. This is the point.

Mr. HAMPTON. Well, the figure as given here, is not addressing itself as to whether this is adequate or not.

The CHAIRMAN. But isn't my point valid? Again, what we want to make sure of is that he has an equitable adjustment here rather than four or five or 20 times what he used to get.

Mr. HAMPTON. Absolutely. I agree with you, and the figure as given here is simply to illustrate the point that in relationship to other pay systems in the Government, this man has not been forgotten.

We take a year for blue-collar and white-collar and start with that year as the basis of 100, and what I will show in the testimony, is that he is far ahead of his counterparts in the Government, percentage-wise. Whether that is equity——

The CHAIRMAN. I think that is meaningless. I think in an inflationary period, with rising costs, percentages of increase become a bit irrelevant—not totally, but a bit so; that it takes more to exist and survive at the bottom level, than to multiply the percentages at the other levels.

The other levels are important, because you are allowing for differences in responsibilities and skills and all those things, but there is a basically rising factor, it seems to me, that simply represents decency of living.

Mr. HAMPTON. Yes.

The CHAIRMAN. That is misleading in terms of the numbers of increases you have gotten or the percentage that it represents from where you started. It is kind of like the Russians play this game in the growth of their GNP. When they didn't have any for a million years, they had a fantastic growth, but it never gets up very high after they multiply it a thousand times.

It is the relevant level at which they find themselves in their pay range that I think really becomes the point here.

Mr. HAMPTON. I think that is true. That is the point, and these figures are solely to show that they haven't been treated less fairly than other employees.

The CHAIRMAN. Those are the figures we ought to have here, I believe, rather than the number of times they were increased or the percentage that they are over where they used to be.

I would think that if you could show whatever our standards suggest that are required for a minimal, decent standard of living, and then show what they are getting, I think this is what this committee needs to know.

Senator FONG. Do you have any comparable figures on the white-collar increases from 1945 to the present?

Mr. HAMPTON. The percentages?

Senator FONG. Yes. You show a 400-percent increase here.

Mr. HAMPTON. Yes, we can provide the details.

Well, you mean the increases that have actually taken place in the last couple of years?

Senator FONG. You gave us a figure of 403.3 percent from 1945, using that as the base of 100.

Mr. HAMPTON. Yes, sir.

Senator FONG. Do you have something comparable to that for white collar?

Mr. HAMPTON. Yes, sir; I do. That is later on in the testimony.

Senator FONG. We come down to this very basic question, which is a philosophical question. We talked a lot about comparability. The white-collar worker has been fighting for comparability, and we enacted the law several years ago to give them comparability, in 1962, and we did not obtain comparability until recently.

Now that comparability has been attained, and you said comparability has been with the blue-collar workers for approximately 100 years.

The argument now being advanced by employee organizations is that they don't have a wage which will support the workers. Now, have you any statement relative to that position?

There is a lot of talk now that they do not have a livable wage. And that goes right to the heart of the question, as to whether industry is paying these workers a livable wage.

Now, we talk about comparability. Naturally Government employees wanted comparability. They have attained it. They are now talking about whether it is a livable wage, and they say they are not getting a livable wage. I think that you should address yourself to that somewhat so that it will give us a whole picture of this situation on salaries as they relate to workers in our Government.

The CHAIRMAN. What the Senator is saying is there is not a great deal of merit in having a comparable opportunity to starve to death.

Senator FONG. It is not as rough as that.

The CHAIRMAN. That is why I said it, so you won't have to. I am saying that the word "comparability" isn't necessarily the substantive criteria here. I think it is livability.

Mr. HAMPTON. Well, I wanted to look at the legislation before us, as to the question of——

Senator FONG. I think there is a lot of force to that argument and I think you have got to give us some thoughts on that question.

I was wondering whether you could think about it and whether your Commission can look into that problem and see what is your answer to that.

What they are actually asking you now is to set the pace for private industry. I think this is what I feel is being asked, that Government should set the pace. And that no longer are they satisfied that they should be comparable to industry.

Now, is that a philosophy we should follow, or isn't that a philosophy we should follow, with 85 percent of the people working in private industry?

Are 15 or 16 percent of the employees going to set the pace for the other 85 percent, or is the 85 percent going to set the pace for the 15 percent, or should there be a compromise? What is the thinking of the Commission in this regard?

Mr. HAMPTON. Well, we have discussed it among ourselves. We haven't advanced any idea that the Government should be the leader in pay. I think it is a tremendously sensitive problem for the Members of Congress who represent the public interest here in terms of their being elected to office by the constituents and you must respond to these demands from your constituents.

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We are greatly disturbed that there is no real stability at this time in the salary area because of inflation, and with inflation, what may be a livable wage one period, is evaporated by inflation.

The principle of comparability, for setting the public service pay is, I think, basically one of the soundest principles that you can get; that is, in terms that you are paying the public service worker what is the going rate in industry or in other segments of our economy.

Now whether or not industry is paying a living wage is a difficult question. I really do not feel qualified to answer that. It varies almost down to the individual family situation.

You might find two people in a family working in order to supplement income in that family, where as individuals they may have a wage, say, of $4,000 for one person, and $6,000 for another their total income would be $10,000.

The Labor Department has set some standards, such as the poverty standard, and so forth, but I don't think there are any Government workers who are below that, salarywise.

We would have to provide those figures to you. I have never really thought on this question about the Government setting a minimum wage. I know that certain people have said that the minimum wage should be $6,000. I haven't given that a whole lot of thought. It is, I think, a very, very major political issue.

Senator FONG. This is a problem that I have found myself facing ever since I have been on this committee. There has been talk of comparability. We enacted a law to give them comparability in 1962. Then we find when you give them an across-the-board increase of 6 or 7 percent, you knock comparability out of kilter and you find they tell us that the lower grades are getting more than private industry, and the upper grades are being compressed, and there is no comparability in the upper grade levels and in the lower there is more than comparability.

Now we are faced with the problem of a livable wage, and that some of the people who are in the lower steps are not getting a livable wage, and that the comparability does not seem to be emphasized any more, and that the emphasis more is on the fact they want more money.

But how are the members of this committee to be guided? This is the question before us. And I find myself in a quandary here. We need some answers from the experts, and we feel you are the experts.

Mr. HAMPTON. Well, in this case we do not have any official determination of any kind as to what is a livable wage. The definition of that would be probably very, very difficult to arrive at. It depends on the standard of living and a lot of other things.

I am just not expert enough in that area.

The CHAIRMAN. Will the Senator yield?

Senator FONG. Yes.

The CHAIRMAN. The bamboozlement, I guess you would say, that we sometimes feel as nonexperts, is exemplified in why we are here today. Last Christmas, when we passed a modest salary adjustment for the blue collar workers to try to make what we thought was an effort in the direction of equity at all levels, the President vetoed it, and for a very understandable explanation.

He was trying to slow down the inflationary measures. We know this is a problem, as you try to adjust to comparability or what is a

living wage, that things can become inflationary, and the President has to be tough on that question. So this $130 million increase for the blue collar workers was struck down as inflationary.

But the very next week the President signed into law a $2½ billion white collar worker increase, and for some mysterious and curious reason, the word "inflationary" never came up in signing that into law.

That is why I join with the Senator from Hawaii and say this committee is groping for guidelines and we think all that happens is that it is thrown back in our face.

One guideline one moment is convenient for one veto, and then becomes the reason for signing the next bill at many times the cost, and we, frankly, are just mystified by what the formula or rule of conduct or the direction of endeavor really ought to be.

I am afraid, I hate to say—I don't hate to say it—I will say that the criteria that is being applied is a numbers game where this is going to cost $4 billion or this is going to cost $2 billion, rather than what is the reality if we really do believe in good government.

Who is going to face up to having good Government with honorable employees who are paid a living wage? If we are afraid to ask that question, then I would think this committee is out of business in trying to achieve a more professional, higher level, a greater moral endeavor on the part of public employees in the Civil Service system, and this surely should be the concern of you, too, as the Chairman. I think it has been.

We get a lot of hanky-panky rhetoric from the boys at the White House in terms of their motivation for striking these things down from time to time. We don't see any pattern there that suggests they have tried to hang all this together and make it a policy that they will strike down one group because it is inflationary, even though it is a pittance, and they will endorse the next group that may cost 25 times as much, as not being inflationary, but merited because of the higher cost of living.

I think you can appreciate why we think we are in a real quandry up here in terms of what the intent is.

Mr. HAMPTON. If I may try to explain that, Mr. Chairman, the amount of money in totality was not considered as inflationary. Under the present system, our third step is 104 percent of what the prevailing rate is. Seventy-six percent of the employees are in this third step. The fourth step would have meant establishing Federal rates at 108 percent of the prevailing rate.

The CHAIRMAN. 108 percent of the prevailing rate when?

Mr. HAMPTON. When the annual survey is made.

The CHAIRMAN. Last year?

Mr. HAMPTON. Yes, sir. Now, the blue-collar workers were given a pay adjustment in fiscal year 1969 averaging 9.2 percent. In fiscal year 1970, they were given an 8-percent increase, and in this year, so far, pay adjustments are exceeding 8 percent.

Wage adjustments made in paying the prevailing wage rate is a proper way to arrive at a fully warranted, noninflationary payment; exceeding that was looked at as unwarranted costs, and that would be inflationary. That was the rationale.

The second reason is that at the particular time that the blue-collar issue came up, the Department of Defense, which employs 70 percent of the blue-collar workers, was under very stringent budget restrictions.

It wasn't a question of numbers of people. It was a question of money. In addition, they had just begun the full implementation of the Monroney act, and had they been required at that time to go to the immediate adjustment of paying this additional 4 percent, it would have triggered a reduction in force, from the figures I have seen, anywhere from 15,000 to 22,000, and would have seriously impaired their effectiveness as an organization.

Those were the major reasons and the rationale that was arrived at. It wasn't a question, really, that we were not paying a comparable rate between the two.

The CHAIRMAN. If the message had said, "In our judgment, the blue-collar workers do not deserve this," that is a word I can understand. You don't have to hide behind the vernacular of this multifacet word "inflation," whatever that means.

I have forgotten the date of that veto. Can you remind me? Was that before or after the proposal to bail the Penn Central Railroad out at $200 million, or whatever it is?

That was before.

Senator FONG. I have here in my hand, wage increases for 68 major wage areas throughout the United States for calendar years 1960 to 1970, dated August 10, 1970.

Here you have, for example, Alabama, in the year 1970, for Huntsville, there was a 9 percent increase, and for Birmingham, 7.1 percent increase, and for Alaska, there was nothing there. And so on, down through the States, and in some places, like Florida, for example, in 1970, you gave them a 16.4-percent increase in Miami and a 16.2 increase in Jacksonville. Hawaii got 12.5 percent and Wyoming got 8.1 percent.

But Vermont, for example, didn't have any increase, and Virginia, in Norfolk, didn't have an increase, but Richmond, Va., got 6.3 increase and Seattle didn't get an increase.

Could you explain to us why some of these places did not have any increase or did they have an increase subject to August 10, 1970, but the surveys were not ready then, or that the comparability survey showed that they were receiving comparable to what they were getting?

The CHAIRMAN. Before you respond, I want to clear the record there, since Wyoming was mentioned, I think the record ought to show that our living is the highest in the United States, at 7,000 feet.

Senator FONG. With that point, I agree.

Mr. HAMPTON. The data that you referred to show the adjustments that had been made in 1970 up to the time the data were prepared. Where no increase is shown it is because the 1970 survey had not yet been done, but they were done later in 1970. All areas received pay increases at some time during 1970.

If you like, I will supply the fill-in on this particular chart.

Senator FONG. Up to December 31, 1970, so we can get a true picture of what happened in that year?

Mr. HAMPTON. Yes, sir; we will do that up to December 31, 1970.

(The aforementioned information was subsequently supplied for the record.)

U.S. CIVIL SERVICE COMMISSION,
BUREAU OF POLICIES AND STANDARDS,
Washington, D.C., June 4, 1971.

HON. GALE MCGEE,
Chairman, Committee on Post Office and Civil Service,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: During the hearing of April 29, 1971, on wage system legislation, Senator Fong referred to a table containing information on wage increases for major wage areas from 1961 through August 1970, the time at which the table had been prepared. He asked that the information be updated to reflect increases through the remainder of 1970.

Enclosed herewith is a table showing the average annual wage increases for 68 major wage areas, as well as the overall average percentage increase for each area for the entire ten-year period.

Other information that has been requested will be forwarded to you as soon as it is available.

Sincerely yours,

RAYMOND JACOBSON,
Director, Bureau of Policies and Standards.

[Enclosure]

WAGE INCREASES FOR 68 MAJOR WAGE AREAS THROUGHOUT THE UNITED STATES FOR THE CALENDAR YEARS 1961–70

State and area	Average annual percentage increase										Overal average percentage increase, 1961–70
	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	
Alabama:											
Huntsville	3.1	3.1	1.3	1.8	1.7	1.5	2.8	4.2	5.6	[1] *9.0	45.4
Birmingham	3.4	2.6	2.1	2.3	1.3	3.0	2.7	3.7	4.8	*7.1	40.9
Alaska: (regular)	2.1	2.4	2.6	1.7	5.1	3.4	4.6	*11.1	*7.1	*9.2	64.1
Arizona: Phoenix	3.3	4.1	1.8	2.1	2.9	2.5	3.8	4.0	*10.4	*4.2	50.4
Arkansas: Little Rock	2.5	2.4	1.8	3.5	4.6	3.5	4.4	7.1	*12.1	*8.1	66.9
California:											
San Francisco	3.2	1.4	2.4	3.3	2.8	2.8	4.4	*9.5	*6.0	*9.3	60.9
Sacramento	2.8	3.7	3.7	3.4	4.1	3.4	3.7	5.0	8.3	[2] *12.2	65.1
Los Angeles	3.2	3.1	2.5	2.7	3.3	4.1	4.2	6.9	8.8	*6.1	56.9
San Diego	3.5	3.6	2.5	3.3	4.1	4.0	4.5	*7.8	*5.8	*7.0	57.9
Colorado:											
Denver	3.0	3.0	3.0	1.9	2.6	3.6	3.1	3.6	*11.3	*6.2	52.1
Southern and western	3.2	2.5	2.2	1.2	1.4	4.3	2.0	4.4	*10.7	*4.5	45.3
Connecticut: New London	3.2	2.1	2.4	3.1	1.4	2.2	3.0	7.2	*5.2	*4.3	42.5
Delaware: Wilmington	3.5	2.5	2.3	2.1	2.4	2.9	3.7	5.7	*9.0	[2] *5.7	49.2
District of Columbia	2.2	4.2	2.5	3.1	3.3	4.4	4.8	*6.9	*5.3	*8.4	62.3
Florida:											
Miami	2.8	1.9	1.8	2.6	2.8	2.1	3.7	3.8	4.9	*16.4	49.8
Jacksonville		1.9	2.9	2.0	3.6	1.9	3.8	7.5	5.3	[2] *16.2	55.0
Georgia:											
Atlanta	2.4	3.1	2.4	3.2	3.2	3.8	3.2	5.7	*11.5	*7.5	58.3
Macon	3.0	2.3	2.4	4.0	3.2	3.8	4.8	5.5	*10.3	[2] *16.8	78.7
Hawaii: Hawaii			4.2	4.8	4.7	4.3	5.5	7.3	8.0	*12.5	86.8
Idaho: Boise	1.5	1.7	1.8	1.7	3.6	3.6	2.7	4.0	*9.0	*9.8	54.5
Illinois:											
Chicago	4.1	2.4	2.4	3.1	2.6	2.9	3.8	4.8	6.3	*6.1	48.3
Champaign-Urbana	2.0	3.9	2.6	2.0	4.3	4.8	5.1	*18.6	*7.1	*13.2	82.5
Indiana: Indianapolis	3.0	2.5	2.7	1.9	3.6		4.4	7.1	6.4	*3.7	42.5
Iowa: Davenport-Rock Island	3.7	3.2	2.6	1.6	4.0	4.8	4.5	*9.2	*4.4	*4.9	60.7
Kansas: Wichita	3.4	1.4	2.5	2.4	2.9	3.1		4.3	*10.9	*5.9	45.3
Kentucky: Louisville	3.6	2.8	3.0	2.2	2.6	3.8	3.1	5.2	*7.3	*5.2	47.2
Louisiana: New Orleans	3.5	2.1	2.9	3.2	2.8	3.4	3.7	4.7	5.4	*5.8	43.8
Maine: Portland	3.9	2.6	2.2	1.3	1.7	2.1	3.9	3.7	*7.2	*2.8	37.6
Maryland: Baltimore	3.6	3.0	1.7	2.0	1.7	2.8	3.3	5.7	*8.7	*6.3	52.4
Massachusetts:											
Boston	2.9	2.1	2.2	1.4	2.7	3.8	2.7	4.9	*10.2	*6.2	50.3
Central and western	2.7	2.7	2.0	2.8	2.8	3.0	3.9	4.5	6.7	*6.1	45.5
Michigan: Detroit	3.3	2.4	2.9	2.8	1.6	3.7	3.9	7.1	6.4	*8.4	54.8

Minnesota: Minneapolis	2.7	2.7	2.9	2.5	3.5	3.5	2.6	5.2	*12.7	*7.5	56.9
Mississippi:											
Biloxi	2.7	2.1	2.1	2.5	3.1	2.1	6.1	*5.6	*2.8	*10.8	54.1
Jackson	2.5	1.5	2.9	3.2	3.4	3.3	3.9	5.4	6.7	*7.2	50.8
Missouri:											
Kansas City	2.5	----------	4.6	3.4	3.9	----------	3.5	4.9	5.2	*15.4	54.1
St. Louis	3.1	1.8	2.4	2.4	3.5	3.6	----------	5.2	4.5	*13.3	48.7
Montana: Great Falls	1.6	2.5	3.0	3.3	3.6	2.7	3.0	5.9	*7.0	*5.3	47.7
Nebraska: Omaha	1.7	3.3	2.8	2.6	3.4	3.3	4.2	5.1	*6.8	*9.2	53.9
Nevada: Las Vegas	2.7	4.4	2.4	5.6	3.3	4.2	4.6	4.9	*20.3	[2] *4.7	80.0
New Hampshire: Portsmouth	5.9	2.3	1.4	1.1	2.4	3.9	6.0	7.1	7.8	*7.1	53.3
New Jersey: Central New Jersey-New York	4.4	2.8	2.7	2.9	2.4	3.3	3.9	4.5	*7.3	*4.7	48.8
New Mexico: Albuquerque	3.7	2.4	2.1	2.9	3.2	3.1	2.9	3.5	*5.5	*5.2	43.5
New York:											
New York	2.9	2.8	2.9	2.4	2.9	3.0	3.1	4.7	*7.3	*4.7	44.1
Albany	3.4	2.6	1.9	3.3	4.2	2.8	4.0	5.2	5.8	*11.6	58.1
North Carolina: Fayetteville	2.9	3.4	1.5	3.0	5.1	3.3	4.2	6.1	7.0	*12.7	66.3
North Dakota: Fargo	3.9	1.9	3.0	1.9	2.5	3.2	3.7	5.6	*6.1	*6.3	66.7
Ohio:											
Dayton	3.4	2.6	2.2	2.9	1.4	4.4	4.1	7.5	5.5	[2] 9.0	53.9
Columbus	3.2	3.3	2.7	2.8	2.1	2.1	3.9	5.9	5.9	*6.5	46.3
Oklahoma: Oklahoma City	2.2	2.6	2.0	2.1	2.5	3.6	5.4	[2] *16.5	[2] *7.1	[2] *6.8	63.6
Oregon: Portland	2.2	3.0	1.7	2.0	3.7	3.4	3.8	4.6	*13.2	*6.2	56.6
Pennsylvania:											
Philadelphia	2.6	2.4	2.5	2.3	2.9	3.3	4.0	*6.3	*4.5	*12.4	55.8
Pittsburgh	3.6	3.4	2.2	1.3	1.1	3.4	2.1	3.9	9.5	*5.1	43.0
Rhode Island: Narragansett Bay	2.8	2.7	1.7	3.8	2.1	3.2	4.1	4.9	[2] 12.8	[2] *7.9	61.5
South Carolina:											
Charleston	2.5	2.7	2.2	2.6	3.0	3.2	4.4	*5.2	*3.3	*11.6	50.2
Columbia	2.9	3.4	1.7	3.1	3.5	3.8	4.3	6.0	6.3	*12.1	64.1
South Dakota: Sioux Falls	3.1	2.9	2.6	3.1	2.7	2.9	4.5	5.9	*6.7	*7.7	55.6
Tennessee: Nashville	4.2	2.6	3.7	3.1	1.2	3.1	3.8	4.6	*4.9	*4.9	43.5
Texas:											
Dallas-Fort Worth	3.2	1.6	2.5	1.8	3.2	3.0	3.0	4.7	5.7	*12.7	60.0
San Antonio	2.2	3.1	2.7	3.6	4.8	3.0	5.2	5.0	5.2	[2] *13.7	72.2
Utah: Salt Lake City	3.9	2.8	2.9	2.4	2.9	3.6	3.3	3.8	*7.2	*4.3	45.6
Vermont: Burlington	6.4	4.5	4.2	3.8	1.8	2.0	3.8	4.1	5.2	*21.6	79.2
Virginia:											
Norfolk	3.0	3.6	3.0	2.5	1.2	2.9	3.2	3.4	6.7	[2] *12.1	47.8
Richmond	3.1	2.4	2.4	2.5	2.6	3.8	3.2	4.0	*6.8	*6.3	47.1
Washington: Seattle	3.0	3.4	2.3	3.4	3.7	3.5	4.7	9.1	*9.5	*5.6	62.7
West Virginia: Charleston	2.5	1.1	1.3	1.7	2.6	2.8	2.6	2.9	*12.4	*5.8	29.2
Wisconsin: Milwaukee	3.1	3.0	3.3	2.6	2.4	2.5	4.0	5.5	*7.1	*5.9	50.2
Wyoming: Cheyenne	1.6	3.6	1.6	1.1	3.8	3.4	2.8	5.5	*10.4	*8.1	50.0

[1] Percentage increases marked with an asterisk (*) for the years of 1968, 1969, and 1970 reflect adjustments made under the coordinated Federal wage system All other percentage increases not marked with an asterisk were made under agency procedures.

[2] Includes Monroney amendment adjustment.

Senator FONG. Having given you these figures, and having listened to your response to Chairman McGee's question on the fact that here we had a 4-percent increase in the bill that we passed raising it from 104 percent to 108 percent, and then subsequent to that, there was a 6-percent increase for the white-collar workers, would you say that because you have had these increases in the year 1970, and other increases were coming, because you were making surveys based on the comparability wage system, that the additional 4 percent we gave to the blue-collar workers was not warranted?

Is that the reason it was vetoed?

Mr. HAMPTON. Yes, sir.

Senator FONG. That they had already attained comparability by the amount that was given by the agency's surveys, in which you implemented that without anything from the Congress——

Mr. HAMPTON. It wasn't necessary.

Senator FONG (continuing). It wasn't necessary to give them another 4 percent. Is this what the reason was?

Mr. HAMPTON. Yes, sir; as you will notice from these figures, the rates of pay adjustments that had come about since the establishment of the wage system appear to be far more meaningful than rates that preceded it.

Senator FONG. According to this survey, also you show from 1961 to 1962, 1963, 1964, 1965, 1966, 1967, 1968, 1969, and 1970, that in almost every instance there was an increase in every year?

Mr. HAMPTON. Yes, sir. This has been so without exception since the inception of the prevailing rates system.

Senator FONG. Does that mean that the survey which you have made every year showed that these were the necessary adjustments?

Mr. HAMPTON. Yes, sir.

Senator FONG. To bring them to comparability?

Mr. HAMPTON. Yes, sir, to pay the prevailing rate.

Senator FONG. So, when you increased the rates in Alabama in 1970 by 9 percent in Huntsville, you felt they were 9 percent behind industry in that year?

Mr. HAMPTON. That was reflected from the rates that were gathered in Huntsville. That was what the prevailing rate was and it required an adjustment of that magnitude.

Senator FONG. Having given them the increase in 1970, it was the feeling of your department and the administration that comparability had been attained?

Mr. HAMPTON. Yes, sir.

The CHAIRMAN. I hate to keep harping on this, Mr. Chairman, but it just seems to me that 1600 Pennsylvania Avenue sort of looks on this question as a budgetary monster that has just grown up.

When John Macy proposed comparability, which was the formula for white-collar workers back a few years ago, the Government payroll bill in that category was about $11 billion, and a GS–18 was making $18,000.

Today you have comparability for the white-collar workers. The bill is now $24 billion. It has really jumped up there, and it is from the size of that figure we get the feeling here, at least, that becomes the monstrous sort of menacing force on the horizon that someone at

the Bureau of the Budget is trying to run away from or hide from or hope it will go away in some other fashion.

So the recourse that is left to them is somehow to prevent that kind of monster being matched from this relatively much smaller $4 billion category that we are addressing ourselves to here.

I just cannot avoid the conclusion that it is the total specter moneywise rather than the total performance, government employeewise, good governmentwise, that has become the obsession, and I hope that isn't true.

I have tried to believe that it isn't true, but we always keep coming back to this every time we have one of these hearings, that that is the real specter. We gave a GS–13 lawyer 10 steps in his grade, and we wrestle and fight and shout and scream and drag our feet over giving a wage board 10 plumber more than three steps.

There is something missing there, and I hope we are not playing that total numbers business, but I am afraid we are continuously crowded back to the lurking suspicion that that is indeed what is being calculated or what is being weighed at a time like this.

Mr. HAMPTON. Mr. Chairman, in my dealings with the Office of Management and Budget on this, I think there is sincere acceptance of the maintenance of the comparability rate. Figures that are used in many cases simply are to show the magnitude of the adjustments and not as the means of saying this principle is terrible. It is a most equitable principle. It is the proper one, I think, and it is widely accepted by the employees, as well as the management.

The bones of contention that come up are related mainly to, are we really paying a comparable wage, and how do you get there, and the system as to how you get there.

We have committed ourselves to these principles. We will fight very vigorously to maintain them, because as you so rightly point out, the government is big business. It is expensive. It renders an essential service to the public and we want to be sure we attract the right people into government to perform these duties, and by accepting government employment he doesn't become a second-class citizen and is treated less favorable.

I think that the stride has been tremendous, but I don't think we are all the way there in many ways. I think that the white-collar system that was passed into law is certainly going to be productive in terms of dealing with the pay problems, and certainly the voices of the employees will be heard.

We realize that there are shortcomings in the coordinated wage system. There are a few aspects of it that haven't been fully implemented.

But when you take the system that affects so many people, that is so widespread, and manifests itself in so many organizations, it is difficult to solve all of these problems real quickly, because the policy issues are really drummed out with management and labor sitting at the table working them out, and there will be further adjustments.

What we are saying in our legislation is that we want to achieve this principle, but we realize that the system is going to change in a period of time. In today's environment these things change rather quickly, and we want to be sure that we have a flexible system we can respond with to meet these needs.

I think it has been accepted. I find very little difficulty in dealing with the White House and the Office of Management and Budget on this question of pay. I think the principle is acceptable as a valid one, and I think everyone is concerned about the cost, but that is not the prevailing factor in terms of how we treat our employees.

The CHAIRMAN. Your experience with the Office of Management and Budget is probably a bit more refreshing than most have been.

I am just about to finish a series of hearings on the Agriculture Department budget and invariably our problem has been not that we are neglecting some of these problems for want of appropriations, but that after we appropriate the money, they go into the deep freeze down at the Bureau of the Budget where most of our great experts in this country obviously must reside, because they are wiser than the professionals who have been in these fields for a long time.

I hope, at least, we have found the one exception in their shortsightedness down there; namely, in the field of comparability and wages for Federal employees, and we will be watching very closely on that.

I suppose we are entitled to wonder, even if the President were to veto a more equitable bill which this committee may come up with, and we were to override it over the President's veto, which might be a real possibility, whether it would end up over in the Bureau of the Budget again, where it would get once more in the deep freeze.

This thing is going to have to come to a head somewhere in regard to congressional intent. We realize there are many things that require executive judgment, but the system, as I recall in my eighth grade days, was structured to be a checks-and-balances system, a cooperation, you see, and I also know very well that some of our leaders, such as you in the Civil Service Commission, with all the ideals that you work toward, still have to come up against these bloodless monsters of the Bureau of the Budget.

We used to, you know, give Harry Truman hell for whatever happened with the deep freezes, and I think that is a two-way street. We have another deep freeze scandal in 1970 and 1971 that maybe we ought to have a look at.

It is a very troubling circumstance, because in our dialog we try to work out a wise and statesmanlike approach on these questions.

I didn't mean to make that long a speech. That is all I wanted to say.

Senator FONG. A question which has always bothered me, as I said is, Do we really accept the principle of comparability? Are the employees really accepting the principle of comparability? We talk about it and yet sometimes when we listen to the statements made to us, they seem to feel that comparability is not enough.

Now, if we embrace the principle of comparability, then we will have to decide as to whether you have, in the implementation of the principle, really arrived at comparability.

The argument is that you have not, by taking a medium-range look at some of these wages that are prevailing, and you say you have. And this committee is in a quandary as to who is right in this respect.

I think you should really go into a little more detail as to how you arrive at some of these figures. You say, for example, that the comparable figure for machinists should be $5 an hour. How do you arrive at these figures? The union says it should be $7 an hour, whereas the

Government says it is $5 an hour, and they say you have not given consideration to this factor or the other factor.

These are problems which we, as members of this committee, have to struggle with, and not having expertise in this line, we were willing to pass it over to you when we enacted the white-collar wage schedule, and now we are back again into this problem where we are confronted with the problem or wrestling with it again.

These are some of the things we would like to be enlightened on.

Mr. HAMPTON. I think that what we have here is the evolution of the comparability principle. The first objectives of comparability have been achieved in terms of principle. The argument that centers around comparability now is the question of, are you really paying a comparable wage, how do you arrive at your comparisons and procedures and statistics, and these are things that the National Wage Policy Committee and the Federal Employees Pay Council are addressing themselves to now.

We are in the process, on the white-collar side, of going through the whole system, and working these out, and the first white-collar pay adjustments under the system will be made this January, and we will see how that works.

I don't know how much time the committee has here, whether you want me to go ahead and finish the statement?

Senator FONG. I think you should finish it. You only have three pages left. So why don't you continue on through it.

Mr. HAMPTON. I think I left off with the figure 403.3.

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

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

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

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

Using the same year of 1945 as the base of 11, the General Schedule workers' index is now 331.8 and the PFS workers' index is 388.9. This compares to an index of 403.3 for the blue-collar worker.

Let me correct another misconception.

Some have suggested that the nationwide average blue-collar increases of 9.2 percent in fiscal year 1969 and 8.0 percent in fiscal 1970 were so large because these percentages included the benefits of eliminating laundry, food service, and custodial schedules. This is not the case.

For example, grade 3 laundry workers in the Chicago area, in addition to receiving increases under the regular wage schedule, also received increases of more than $1 per hour due to the change in systems.

These increases were not counted as part of the increases for the regular wage worker, and are not included in the average 9.2 percent figure.

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

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

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

It is well known that the Federal Government does not pay individual "job rates." We do not pay the highest rates and we do not pay the lowest rates. Our rates represent the overall average of what the private companies pay in the communities for all survey jobs considered as a group.

When you use such an averaging process, some individual job averages will be above and some below the overall average represented by the established pay line.

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

They found 94,316 private industry jobs which matched 27 of our key occupations. The weighted averages of the pay rates for these 27 key jobs are plotted on the attached graph. The "pay line" is drawn to show the average of all these rates.

You can see that while only nine jobs in private industry have rates above the Federal pay line, there are 17 jobs in private industry which have rates below the Federal pay line, and one job average is on the line.

These figures could be used to argue that we are overpaying relatively speaking, more jobs than we are underpaying. However, the pay line is influenced also by the amounts by which individual jobs are higher or lower than the line as well as by the relative industrial employments in those jobs.

Thus, when all statistical factors have exerted their influence, the resulting pay line does, indeed, represent the combined statistical average of all the survey data.

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

I have not discussed the pros and cons of including nonappropriated fund employees within the scope of the wage system. Most of these employees are in the Department of Defense, which has been intensively studying the problem for the last year or so.

We understand that Defense has completed its study and is about to announce a plan for these employees. It would, of course, be most appropriate for the Department to present and explain their plans.

The CHAIRMAN. The Department will be here tomorrow morning to have their day in court.

Mr. HAMPTON. Yes, sir.

It has been called to our attention that our proposal does not specify that the annual report on the operation of the system should be trans-

mitted from the President to the Congress. This was not intentional. In fact, we think it is important that the Congress not only set the broad principles and policies for the system, but that it exercise an oversight responsibility in connection with our operation of the system.

We think it is entirely appropriate that we make an annual accounting of our stewardship. We have no objection to its being added by this committee.

This covers, in brief, the administration's views with respect to Federal wage legislation.

We think the administration offers a good bill—one which will provide the basis for fair and equitable treatment of wage employees.

It is consistent with the prevailing rate concept.

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

Most importantly, it vests in the Congress the awesome responsibility for determining broad, basic policy, but it empowers the Chief Executive to make sound administrative choices within the framework of broad policy.

It is a law which can help us to change with the time.

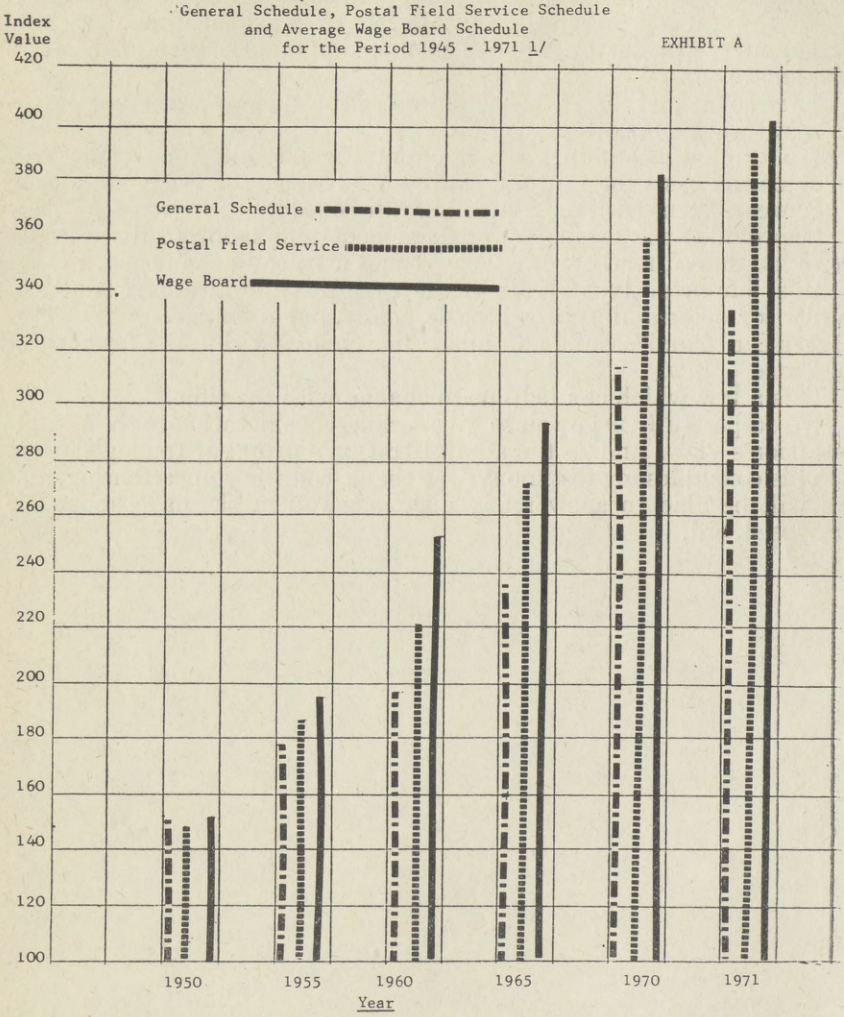
We respectfully urge you to give serious consideration to the administration's views and to the administration's proposal for legislation.

This concludes my testimony. We thank you for your attention, and we will be glad to answer any questions you might have about the proposed bill.

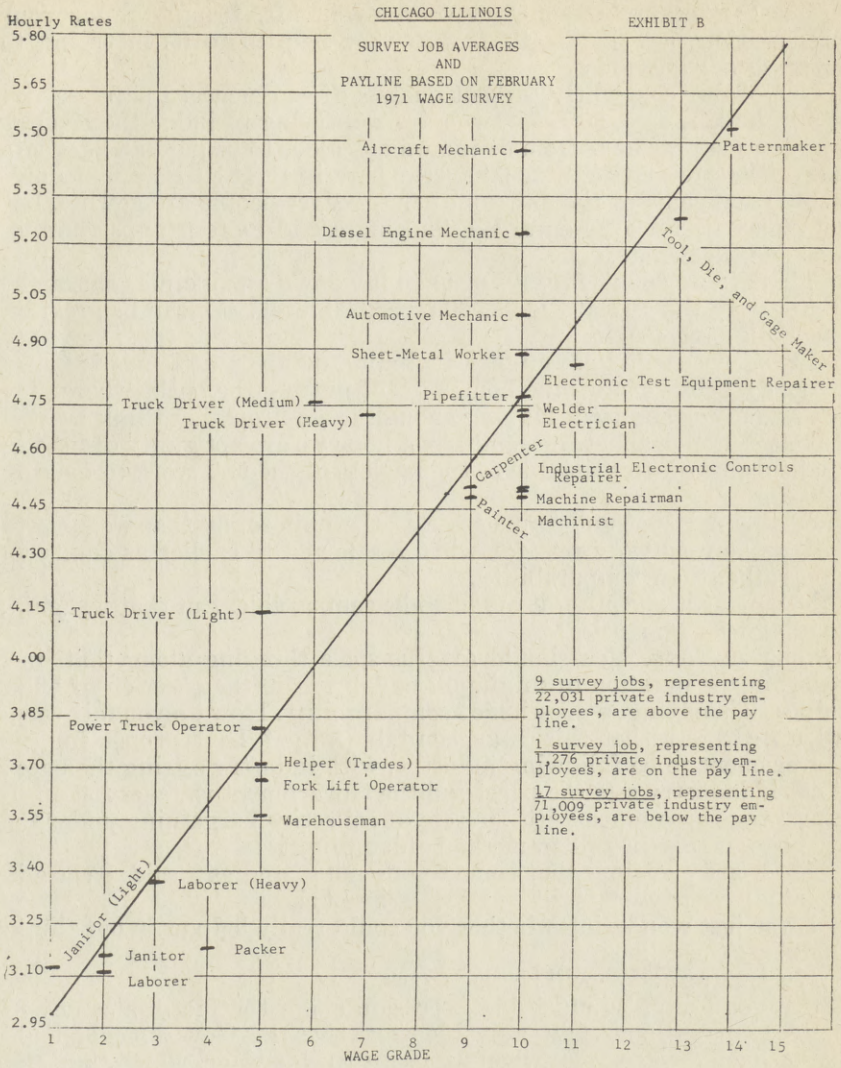
(The information referred to follows:)

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

EXHIBIT A



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


CHICAGO ILLINOIS
EXHIBIT B
SURVEY JOB AVERAGES
AND
PAYLINE BASED ON FEBRUARY
1971 WAGE SURVEY
Hourly Rates
5.80
5.65
5.50
5.35
5.20
5.05
4.90
4.75
4.60
4.45
4.30
4.15
4.00
3.85
3.70
3.55
3.40
3.25
3.10
2.95
Aircraft Mechanic
Patternmaker
Diesel Engine Mechanic
Tool, Die, and Gage Maker
Automotive Mechanic
Sheet-Metal Worker
Electronic Test Equipment Repairer
Pipefitter
Welder
Electrician
Truck Driver (Medium)
Truck Driver (Heavy)
Carpenter
Industrial Electronic Controls Repairer
Machine Repairman
Machinist
Painter
Truck Driver (Light)
9 survey jobs, representing 22,031 private industry employees, are above the pay line.
1 survey job, representing 1,276 private industry employees, are on the pay line.
17 survey jobs, representing 71,009 private industry employees, are below the pay line.
Power Truck Operator
Helper (Trades)
Fork Lift Operator
Warehouseman
Laborer (Heavy)
Janitor (Light)
Janitor
Packer
Laborer
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
WAGE GRADE

The CHAIRMAN. Thank you very much, Mr. Hampton, for your presentation here in detail. It was very helpful to us in trying to arrive at our judgment.

One of our constantly present qualms of conscience, I suppose you would have to say, is, Look, who are we, trying to judge the level at which a man at the bottom of the wage scale is to be paid an adequate wage. We are getting $42,500 a year here in the Senate, and I don't know what some of the Bureau of the Budget people are getting, but they may be up over ours. We find more and more groups running ahead of the Senate.

Who are we? Isn't it easy for us to lay down a principle that ought to apply to the guy at the $5,000 or $6,000 level? We can be great on principle at that time.

I think we sometimes might—including us—be a little negligent on the nitty-gritty of the take-home pay, of putting the bucks where they are already committed. Having enough to go around, I think we feel a little sensitive about this, and I just hope we are not guilty of having chalked this off to principle to the neglect of the real work of making a living.

So this, I guess, underpins some of the philosophy that we seem to torture here as we grope for what I referred to earlier as equity in this, rather than comparability.

I think if it is equity, it ought to be comparable. But that is, again, playing with semantics.

Senator FONG. You should give us some thinking along that line, bring in the question of minimum pay, bring in the question of what industry is paying, a question of comparability. How do you mix them all up and say that this is an equitable wage? Is it proper for the Government to be following industry, with industry setting the pace? And, if industry sets the pace, and the Government watches the minimum wage is so much with the rate of collective bargaining under the workers; is this the proper method of handling it?

These are questions that come to our mind, and as I said, we are in a quandry as to what is right and what is not right.

I was just wondering whether you could really help us in our thinking along those lines?

Mr. HAMPTON. We will be glad to try.

Senator FONG. So much has been said about the fact that many of our employees do not have a livable wage, that this Government should pay a livable wage. Yet, when we pay a livable wage, which they ask, you say we have gone far beyond comparability. Instead of Government workers following the private sector, we are saying private sector must meet Government competition.

These things constantly run through this process whereby we try to arrive at a reasonable bill, and I was wondering whether you could, or the Commission could, help us along this line of thinking?

Mr. HAMPTON. We will be glad to try.

Senator FONG. What is the philosophy back of it? Should 85 percent follow 15 percent? I think this is the right figure. Is that correct? Are 85 percent of the jobs in private industry?

Mr. HAMPTON. I think that the Federal Government makes up roughly 3 percent of the employment market in the country. Other

public service workers have increased, I think, to around 12 or 13 percent.

Senator FONG. Should 3 percent of the employees set the pace for the other 97 percent?

These are problems which we have to resolve in our minds before we can arrive at what we think is equity. And not having given much thought to that, and not being helped along this line by your Commission, we find that we are in a poverty situation when we begin to discuss these problems.

So I, for one, would like to really get some of that philosophical thinking along this line, and I think it would help us. I think it would help this committee.

The CHAIRMAN. It would be a great help to the committee, and just for example, one of the lurking difficulties that come forth and prey around the fringes of my conscience is that so far as I know, I have yet to have a private businessman come to me and say, "I am losing all of my employees to the Government."

But every time we hold a hearing, in whatever committee, we get the testimony that the Government is losing its employees at all levels to the private sector.

I don't know whether these are generalizations that particular bureaucrats make to make a case or whether it is true. But I don't recall a time that the private sector has complained to us that it was losing its employees to the Government because the Government was treating them more fairly.

So I just don't think we ought to be satisfied with playing catch up, as we have played for so many years. I think there is something to be said for this—loosely using the word—equity.

So as you address yourself in this treatise—or however we want to dignify it—that Senator Fong has alluded to here, I think that would be an appropriate part of the philosophy or discourse there.

I have a whole series of questions on——

Senator FONG. Before you get to that, is it possible for us to postpone the meeting tomorrow? I am on the Visitors' Bureau at West Point, and I have to be there tomorrow.

The CHAIRMAN. It would be very difficult, for the reason that I have been trying to run hearings on the Agriculture appropriations, as the Senator knows. I am trying to integrate the two, and there aren't enough days left to get all of the hearings in if we don't do it this way.

I am on the Visitors' Bureau on Monday in San Diego, involving Naval things there, that I am stuck with, also. By the time I take out for that trip, we don't have any days left for the hearings.

I would be delighted to yield so that one of these days when you are here and I couldn't be here, we would still keep going. We are going to have to, I think, if we are going to finish this whole sequence of hearings.

It has been a difficult problem. If we could agree maybe even to keep the record open, so that you could examine it, and then we could call them back or inject questions to protect the record.

It is a time factor that is now pressing in on us.

Senator FONG. How many witnesses do you have?

The CHAIRMAN. In the first place, we have some five yet today, and I am going to suggest in just a moment, once we finish up here, about

12:30, that I am willing to come back at 2 and continue these this afternoon so that we don't get any further behind, if we can avoid that.

I have called my office to rearrange two meetings that I had, because I can adjust those to some other time.

Senator FONG. I would have to leave at about 3.

The CHAIRMAN. I am going to have to leave, also. I just want to resume this rather than hold it over to the next day, if that is agreeable.

Senator FONG. That is agreeable.

The CHAIRMAN. We are up against the blade right now, physically time wise, to get this succession of hearings in, and the Senator is involved in two or three other committees where this likewise becomes a bind.

Senator FONG. That is fine.

Mr. HAMPTON. That would be fine, sir.

The CHAIRMAN. I want to thank you very much for your patience and your understanding of our qualms or our misgivings or our uncertainties that we have here.

You have always been very helpful to us. Even when we have disagreed, you have been tolerant of our position.

Mr. HAMPTON. The committee has been very tolerant, also, and I think it indicates a sincere desire to address these very sensitive problems head on.

Senator FONG. I have heard from employees' leaders, and they feel you have been very fair in all of this salary matter, and that you have been very, very helpful and have tried to work with the problem, and I want to thank you for coming.

Mr. HAMPTON. Thank you, sir.

The CHAIRMAN. The next witness is John A. McCart, the operations director of the Government Employees Council.

STATEMENT OF JOHN A. McCART, OPERATIONS DIRECTOR, GOVERNMENT EMPLOYEES COUNCIL

Mr. McCART. Since the record on the pending legislation is replete for 1970 and thus far in 1971, I don't think it is necessary or appropriate for me to proceed to read my prepared statement.

The CHAIRMAN. Why don't we agree that your prepared testimony will appear intact as though delivered eloquently, and then you can highlight those relevant sections that you believe should be underscored, and we will proceed from there?

Mr. McCART. Mr. Chairman, if you will agree to place in parentheses the phrase that you used, "delivered eloquently," I will be happy to follow your suggestion.

First of all, Mr. Chairman, we want to express our appreciation to you and your colleagues, not only for holding the hearings, but for having introduced the bills giving rise to the subject under discussion.

We appear today in support of 1231 and related bills.

I am going to deal with two or three topics that have been clarified previously, but I am going to try to do it in such a fashion as not to belabor the point, and perhaps shed some new light.

First with respect to the number of steps in the wage board raise. As you know, some 90 percent of the Federal wage board workers have now attained the maximum steps in these grades. This means, of course, that they can——

The CHAIRMAN. That figure is 90 percent?

Mr. McCART. It is more than 90 percent. This means they cannot progress beyond that point with the exception of general pay increases.

You know already the situation with the postal and classified workers. You are also aware of the change of rates that the step system provides, at present 8 percent for wage board employees, 30 percent for classified workers, and 37 percent for postal employees under the National agreement that was negotiated last year.

What all of this means is that the career progress of wage board workers is seriously impeded. If you have an individual who has devoted 30 years of his working life in a manual trade or occupation and has reached the maximum step of his wage cycle in the first 2 years of those 30 years, you can realize what a frustrating experience it is for him to wait for the 28 years without being able to advance within his grade.

Now to the question of night differentials. As you know, 1231 and similar bills proposed a 7½-percent differential for the 4 to 12 shift, and 10 percent differential for the 12 to 8 shift.

There is justifying evidence to substantiate this kind of differential on a national basis.

In the first place this kind of system is applicable now to classified and postal workers. A growing number of firms in private industry are following this practice. For example, American Motors, American Tobacco, General Motors, McDonnell-Douglas Aircraft, and Western Union. And the number of companies adopting a national wage differential plan is increasing annually.

In addition, there is a problem within the Coordinated Federal Wage System today, and that is, in some areas it is very difficult for the data collectors to acquire night differential information simply because the private firms do not work night shifts. So sometimes it is quite difficult to compile the night differential data that is necessary to fix an appropriate rate of pay for this kind of work in Federal activities.

If Congress adopts the proposal providing percentage differentials that will apply throughout the Federal establishment wage board system, it will eliminate the necessity for the collection of these data at the local level, and there should be some savings with respect to administration if that is done.

As to the cost of living adjustments that have been mentioned earlier in these hearings for Federal blue-collar employees, this feature, of course, does not appear in any of the pending bills. We certainly support the adoption of this concept by this committee.

You will recall that you have received testimony, both last year and this year, to the effect of the 6–5 voting arrangements that occurs so often in the National Wage Policy Committee against the interest of the labor point of view.

There was a very rare departure from that practice in late 1970, when the Wage Policy Committee, by a 6–5 margin, voted to recom-

mend that cost-of-living increases be given as a minimum, to wage board employees.

This idea was rejected by the Civil Service Commission, so it is necessary for us to ask Congress if they will approve the concept of the cost-of-living factor as a minimum increase for wage board employees.

About negotiated agreements, as you know there are some agencies in the Federal service where it has been traditional for wages to be negotiated under collective bargaining arrangements. Some of the bills before you speak to this point.

But we believe that there should be a very positive understanding about the matter. We suggest that the committee, in approving a wage board bill, not only authorize the existence of these agreements and the renewal of these agreements, but that these employees be exempted from the general system so that the collective-bargaining situation is retained.

On nonappropriated fund employees, Mr. Chairman, you have heard so much evidence on that score today. The simple fact is that the wages of the workers in the nonappropriated fund facilities are fixed administratively. There is little or no employee or union participation.

The only basic guideline that the nonappropriated fund facilities have is they must conform to the National or State minimum wage applicable to other workers.

With all of the deficiencies we find in the Coordinated Federal Wage System, at least there is an element of labor participation which is not present in the nonappropriated fund activities.

So it is important, if these workers are going to receive justice—these 70,000-odd workers—that there be some kind of planned system for arriving at their rates of pay and thereby adequate employee participation in that system.

Finally, Mr. Chairman, I would like to deal with the administration's proposal which appears in S. 1636, and particularly in relation to the justification provided by the Chairman of the Civil Service Commission a few moments ago.

If you will permit me, I would simply like to read into the record two paragraphs from the prepared statement, and hopefully this will put that bill in precise perspective.

Mr. Chairman, I would like to recite the deficiencies in that bill.

Employees of nonappropriated fund activities are not included in the administration's proposal. It recommends extending coverage to wage systems of independent agencies and Government corporations, where collective bargaining on rates of pay has been traditional.

The bill empowers the Civil Service Commission to delegate to agencies authority to establish rates and to determine the policy of union involvement in the plan. It eliminates employee participation in collecting wage data from private firms by transferring this function to the Bureau of Labor Statistics alone.

S. 1636 makes no provision for additional steps in wage grades or for statutory percentage differentials for night work. The composition of the National Wage Policy Committee—renamed the Federal Wage System Advisory Council in this bill—would remain precisely as it is today.

The bill would deprive labor members of the Advisory Council of the opportunity they now possess to vote on issues presented to them. There is no method of assuring wage board workers that they will be able to keep abreast of rising trends in the cost of living as a minimum.

In summary, the administration proposal contains no improvement over present practices, remedies none of the existing deficiencies, and denies employees and their unions their current right to take part in gathering private industry wage information, and exercising a franchise on the Advisory Council.

We urge strongly that the committee ignore these legislative proposals as totally inadequate.

Mr. Chairman, the problem confronting this committee with respect to these two types of legislation is whether the Civil Service Commission is going to be able to operate the Coordinated Federal Wage System without guidelines or whether the Congress is going to advise the Civil Service Commission that it can proceed with the system, but that certain minimum standards shall be observed.

We hope that the committee will renew the action it took last year with respect to this legislation, and that the President will see the need for bringing into the modern era the present statute that is more than a century old.

The Government Employees Council appreciates the opportunity of discussing our views with you on the pending bills, and we urge that prompt action be taken to approve this legislation.

The CHAIRMAN. I want to thank you, John, for your help here.

Do you have any questions, Senator?

Senator FONG. I have no questions.

The CHAIRMAN. Thank you.

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

(Prepared statement of John A. McCart follows:)

STATEMENT OF THE GOVERNMENT EMPLOYES COUNCIL, AFL–CIO, TO THE SENATE COMMITTEE ON POST OFFICE AND CIVIL SERVICE ON AMENDMENTS TO THE FEDERAL WAGE BOARD PAY SYSTEM

Mr. Chairman and members of the committee, on June 18, 1970, the 34 AFL–CIO unions associated with the Council acquainted you with the position of these organizations on pending bills to improve the administration of the Federal wage program. At that time, we informed the Committee of our support for legislation in this field. The unions in question represent in excess of 1 million Federal employes.

The Council is indebted to the members of this Committee and of the Senate and House, who extended their support to final Congressional approval of H.R. 17809. GEC unions were willing to accept that bill as the broad legal basis for changes we had sought since 1967, even though it did not meet all of our objectives. This hope was dashed with President Nixon's veto of H.R. 17809 on January 2, 1971.

Thus, it becomes necessary to renew our plea to Congress to act again on revisions of the wage board plan.

The record of the 91st Congress is replete with evidence of the justification for legislation to undergird the Coordinated Federal Wage System. There is little need to repeat the reasons for reconstituting the National Wage Policy Committee, extending coverage to employes of nonappropriated fund facilities, enlarging the present number of steps in wage grades, and "saving" the pay of downgraded employes. The fact that Congress responded positively on these matters by approving H.R. 17809 proves the point.

The magnitude of the problems involved can be realized from the fact that there are approximately 675,000 regular wage board workers and 70,000 employes of nonappropriated fund activities in the Defense Department and Veterans'

Administration Canteen Service, who are experiencing severe inequities in the establishment of their wage rates.

The Council is grateful to you, Mr. Chairman, and to Senators Burdick, Moss, and Stevens, distinguished members of the Committee, for sponsoring bills on this subject. Senators Gravel, Harris, Metcalf, and Spong have introduced wage board measures also. Our deep appreciation is extended to these legislators as well.

All of these measures bear some resemblance. They increase the number of wage steps, include nonappropriated fund workers in the system, create an impartial Federal Prevailing Rate Advisory Committee, and retain the pay of employes whose jobs are reclassified downward.

The principal differences relate to the number of steps to be included in the various wage grades and establishment of statutory differentials for work on night shifts.

STEPS IN GRADE

Members of the Committee are aware that more than 90% of wage board employes have attained the maximum progression in their grades—Step 3. They achieve the highest rate after one and a half years of satisfactory work in the lower steps. Contrast this practice with the experience of Federal classified employes, who may advance through 10 steps over a period of seventeen and one half years. Postal workers, on the other hand, can progress through 12 steps in 8 years under a national agreement negotiated last year.

Put another way, the pay range for a career worker is 8% for wage board employes, 30% for classified workers, and 37% for those in the Post Office Department.

We submit that attainment of maximum progression in 18 months, with little possibility of exceeding the 8% pay range for three steps stifles career development for Federal workers in manual occupations who devote a working lifetime to Federal Service.

Thus, our contention that the 10 step system now applicable to classified employes be utilized for wage board workers is valid.

NIGHT DIFFERENTIALS

In the bills introduced by Senator Moss and others, shift differentials for night work would be computed at 7½% for the 4 to 12 shift and 10% for the 12 to 8 shift.

This proposal can be substantiated on several grounds.

Compensation for night work for Federal classified and postal workers is fixed on a national scale.

In large private industries, it is not uncommon to find an identical percentage differential applicable to all plants. American Motors, American Tobacco, General Motors, McDonnell Douglas Aircraft, and Western Union are examples.

Collection by Coordinated Federal Wage System representatives of useful data on night differentials from private firms in a given locality is sometimes difficult. The principal reason is that companies may not have night shift operations for the occupations comparable to Federal wage board jobs.

Establishment of common differentials for all Federal facilities employing wage board personnel will simplify administration. No longer will it be necessary for local installations to gather such data and compute separate rates for various localities.

For these reasons, we urge the Committee to approve the percentage differentials contained in S. 231 and related bills.

COST OF LIVING ADJUSTMENTS

There is one amendment we believe should be added to the pending legislation. This is to guarantee to wage board workers at least the changes in cost of living occurring between wage surveys.

During hearings last year and this, union officials with experience on the National Wage Policy Committee informed Congressional committees of repeated occurrences of 6–5 votes favoring the position of management in Policy Committee deliberations. With justification, they emphasized that these votes demonstrated the desirability of having an impartial chairman appointed by the President.

Late in 1970, however, there was a rare reversal of the pattern. By a 6–5 margin the Policy Committee agreed to recommend cost of living adjustments,

based on changes in the Consumer Price Index, as a "floor" for adjusting pay of wage board workers. Unfortunately, the recommendation was rejected by the Civil Service Commission.

We are not offering a totally new concept. On December 1, 1969, the Council presented a similar recommendation to this Committee in connection with the comparability pay system for classified, postal, and other workers paid under statutory programs.

STATUS OF NEGOTIATED AGREEMENTS

While some of the bills under consideration contain language safeguarding negotiated agreements on wages now in effect in Federal agencies, we believe the point deserves emphasis.

The current regulations recognize the validity of these agreements by not permitting their discontinuation until any proposed change is referred to the advisory body, the National Wage Policy Committee. However, the language does not prevent the Civil Service Commission from deciding to terminate or modify such arrangements.

The wage board bill we hope the Committee will approve should contain a positive statement authorizing the existence of these agreements and their renewal. It should make clear that employes in these units are outside the scope of the application of this act.

NONAPPROPRIATED FUND EMPLOYES

The plight of those who work for Government instrumentalities for which no appropriations are made is sad, indeed.

In effect, the facilities themselves have the unquestioned right to establish and adjust the rates of pay of the employes. Only the national minimum wage applicable to all Federal workers is required.

With all of its defects, the present Coordinated Federal Wage System provides a modicum of union involvement in the wage machinery. Nonappropriated fund employes do not have even this small element of participation in the system for fixing their rates. In short, basic decisions on collecting and computing wage data and devising new pay schedules are in the hands of management alone.

As an example, the national minimum wage to which they are entitled may include tips at the discretion of management. And the value of these tips as part of the minimum wage is decided administratively.

If these individuals are to harbor any hope of equity on wages, they must be included in the program applicable to wage board employes of Federal agencies generally.

ADMINISTRATION PROPOSALS

We turn now to the wage board bill offered by the Administration, S. 1636.

That measure not only ignores the problems which S. 231 aims to solve, but also dilutes the present level of participation by employes in the wage fixing process.

Employes of nonappropriated fund activities are not included in the Administration's proposal. It recommends extending coverage to wage systems of independent agencies and Government corporations, where collective bargaining on rates of pay has been traditional. The bill empowers the Civil Service Commission to delegate to agencies authority to establish rates and to determine the policy of union involvement in the plan. It eliminates employe participation in collecting wage data from private firms by transferring this function to the Bureau of Labor Statistics alone. S. 1636 makes no provision for additional steps in wage grades or for statutory percentage differentials for night work. The composition of the National Wage Policy Committee (renamed the Federal Wage System Advisory Council in the bill) would remain precisely as it is today. The bill would deprive labor members of the Advisory Council of the opportunity they now possess to vote on issues presented to them. There is no method of assuring wage board workers that they will be able to keep abreast of rising trends in the cost of living as a minimum.

In summary, the Administration proposal contains no improvement over present practices, remedies none of the existing deficiencies, and denies employes and their unions their current right to take part in gathering private industry wage information, and exercising a franchise on the Advisory Council. We urge strongly that the Committee ignore these legislative proposals as totally inadequate.

* * * * * * *

Mr. Chairman, the statute upon which the present structure of the wage board system was erected, was enacted by Congress more than a century ago. The fundamental issue posed by the bills before this committee is whether the administration of the program will be concentrated in the hands of the Civil Service Commission without specific guidelines, or whether Congress will define the basic conditions under which the wage system will operate. Given the present climate for administering Federal personnel policies and the present state of labor management relations, we believe strongly that Congress should affirm and improve the measure it approved in 1970, and that the President should recognize the pressing need for substantial wage board reform.

The CHAIRMAN. The next witness is Dr. Nathan T. Wolkomir, President of the National Federation of Federal Employees.

It is nice to have you back here, Dr. Wolkomir.

STATEMENT OF DR. NATHAN T. WOLKOMIR, PRESIDENT, NATIONAL FEDERATION OF FEDERAL EMPLOYEES; ACCOMPANIED BY BEN HINDEN, LEGISLATIVE REPRESENTATIVE

Dr. WOLKOMIR. Thank you, Mr. Chairman. We appreciate this opportunity to again appear and present the views of the National Federation of Federal Employees, and due to the time element, we, too, would like to summarize the prepared statement.

The CHAIRMAN. If you would do that, we would be grateful to you. In fact, I was about to propose that we would set up an incentive program. For every page you knock off, we increase the proposal by two percent, and that way see how we move along.

Dr. WOLKOMIR. If you do that, I am afraid we would wind up with more equitable consideration.

Due to the recent introduction of S. 1636 and H.R. 7691, and other bills, please permit us to introduce first, by way of addendum, some reaction on the part of the NFFE to these administration proposals.

These are merely questions that require some profound investigation. We will merely add this as an addendum, because it is in line with Senator Fong's philosophical treatise on the entire aspect of what is involved in the wage consideration.

As a member of both the Advisory Council on Wage Board Committee, and as a member of the Pay Council involved with the GS pay and classification, and a member of the Phil Oliver task force group, I would like to say that I can, in spite of attending dozens and dozens of these various council meetings, see very little interrelation on the part of the actions of these councils between the wage board problems, GS problems and pay classifications, per se.

So we ask the indulgence of the committee in terms of my merely reading from my addendum some of the questions we have raised based on the introduction of the administration's bills.

We believe it is time now for some real, in depth analysis of the administration's proposals. We ask the committee to review, in depth, some of these particular questions.

Why does the administration deliberately neglect the problem of nonappropriated fund employees in their proposal?

Also, why does the administration speak etherally of "local prevailing rates," and then recommend jurisdiction via a National Pay Council with no vote, jurisdiction via an alliance with CSC and the Bureau of Labor Statistics?

Also, the administration states that, "We do not want to exceed the principle that our employees are paid a fair and equitable wage, that is truly the prevailing wage, for it has been a sound one for over a hundred years."

We certainly don't question the fact that the principle has been sound for a hundred years, but it is the system they are employing that is failing.

Then again, the administration "leaves operating details open to the people responsible for operating the system," and then requests more of the "open door" policy for itself by removing a voting privilege for Council union representatives.

Attending these council meetings, I think that during the past 2 years we have had a little insight as to the way the council operates and the labor side of the house certainly offers many profound considerations, and we would like to be recorded by way of a vote as to how we stand.

Experience has indicated that we need more and not less control of the executive branch, especially the control that presently exists in the Civil Service Commission.

The administration needs a check on its control in the manner in which it downgrades employees. We heard testimony today about the laundry workers. It is very interesting to state they started with zero, and when they fell into the Federal Wage Board system and the increase came up, that the immediate reaction was to reclassify all the jobs and make the wage board 1 and 2, and lump them into a wage board 1 category, and they did the same thing for the 4's, 5's and 6's, and left them lumped in a 4 category in order to keep the so-called equity wage for these people down.

This is the kind of thing we have to constantly observe and watch the control by the Civil Service Commission and agencies in its operation of standards and determination of rates.

Also I call attention to this committee to the fact that the administration proposal provides no reporting system whatever to Congress. It is, thus, in our mind, a further abrogation of the legislative power again diminishing the checks and balancing system that our Constitution provides for. This should be investigated.

These are but a few questions to be answered to determine the true intent of the executive branch in devising further right of control.

To illustrate this trend, we refer the committee back to our testimony on August 24, 1967, and in June of 1970, where these particular trends were clearly spelled out to the committee.

In merely highlighting—I am skipping quite a few pages—we speak about a prevailing rate, and this question has come up constantly as not only used in private industry, but in State, county, and municipal governments, in an effort to place employees in private industry, and we do run surveys.

I would like to contradict what the chairman stated, that in actuality, all of our wage board surveys are conducted by the Bureau of Labor Statistics, and that the leading agencies and the lead unions merely participate in accomplishing the surveys.

Now we are asking the Bureau of Labor Statistics to take over the complete operation of the surveys, with no participation on the part

of either the lead agencies or the lead unions. This is costing the Government nothing. The people are doing this voluntarily.

Are we to further increase the bureaucracy by adding more employees to the Bureau of Labor Statistics in order to do this, when the unions are doing this willingly when they are the lead union, and the agencies are doing this willingly.

I would like to know whom they consulted on this matter before they came up with the proposal. We are saving the Government money by our present participation on the part of the lead agencies and the lead unions.

Reference what is the prevailing rate, and I think we are using synonymously words like "comparability" and "prevailing" rate. They don't mean the same thing.

Under our present system, our wage board determinations, we are operating with means, and we are talking about averages of averages. This is such a thing known as the sport rate, where the true average is not obtained. They take the low survey and high survey and call them sport rates, and throw them out of the picture completely in their determination of the so-called prevailing average rate, which is not a prevailing rate.

We offer a definition for purposes of clarity, and we state that "prevailing rate means that rate of pay which will, as nearly as possible, coincide with the rate of pay paid to an employee in private industry for a comparable position. Wherever practical, the rate of pay for a position in private industry should be the rate of pay paid to the Federal employee."

It is a very confusing system, this Federal Coordinated Wage Board system, and basically, I would like to state if a wage board employee does not understand the system under which he is getting paid, something is wrong with the system, and I would like to know how many wage board employees really understand on what basis they are getting paid. All they see is a like pay in the private sector as compared to what they are earning.

I could go on with further statements, but I believe our testimony goes into the philosophical aspects. Having spent 2 years serving on three various councils, I think you will find our testimony answers some of the questions both—Senator McGee and Senator Fong—you have raised when Mr. Hampton testified.

At this time, due to the time element, I appreciate this opportunity to summarize rather briefly an issue that I think is at the heart and core of the morale factors involved today.

Our organization today receives approximately 150 grievances a day, which generally center around the conditions of employment. I think this committee is certainly doing a wonderful job, especially in the so-called approach to equity pay rates, and what the Government should be as a model employer. It is time, I think, that the Government should lead the way, rather than constantly, especially in a wage board category, always trail the private sector. Maybe then the respect of the foreign countries would be received.

We should actually indicate to all of the world that this is the way we treat our employees, rather than always dragging our feet in this constant fashion.

Thank you, Mr. Chairman, for this opportunity to present our statement to you. The rest will be a matter of record.

The CHAIRMAN. I want to thank you very much, Nat.

(The prepared statement of Dr. Nathan T. Wolkomir follows:)

STATEMENT OF NATHAN T. WOLKOMIR, PRESIDENT, NATIONAL FEDERATION OF FEDERAL EMPLOYEES, ON S. 315 AND OTHER BILLS TO PROVIDE AN EQUITABLE SYSTEM FOR FIXING AND ADJUSTING THE RATES OF PAY FOR PREVAILING RATE EMPLOYEES OF THE GOVERNMENT AND FOR OTHER PURPOSES BEFORE THE SENATE COMMITTEE ON POST OFFICE AND CIVIL SERVICE.

Mr. Chairman and members of the committee: My name is Nathan T. Wolkomir. I am President of the National Federation of Federal Employees, an independent responsible union of Federal employees that for over fifty years has been promoting the welfare of Federal employees and the public interest. Our organization is the first and largest of all independent general unions of Federal employees.

Mr. Chairman, I am glad to appear here today to give the views of the National Federation of Federal Employees on S. 315 introduced by the Chairman and H.R. 2164 introduced by Congressman Henderson and similar bills introduced by Senators Moss, Burdick, Harris and Spong as well as Congressmen Wilson, Eilberg, Sikes and Edmondson and all other Congressmen and Senators who have introduced bills of concern to wage grade employees in the Federal Service.

We are pleased to see that more and more of the Congress have shown their concern for wage grade employees in terms of the need for additional steps and we are equally pleased that other employee organizations have adopted our proposal for a ten step increase; a true prevailing rate system; a $6,000.00 annual minimum wage; and, a built in cost of living minimum wage increase for all survey areas. We hope that there will be greater concern for a more workable Federal prevailing rate advisory committee than now proposed in the several bills. The current National Wage Policy Committee has demonstrated many weaknesses which should not be continued under the statutory committee as provided in the legislation.

At the outset, our organization wishes to make clear that the so-called prevailing rate system, now in effect, as well as the language in the proposed bills fail to establish guidelines or adequate definitions to permit the committee to implement the concept of a true prevailing rate.

"Prevailing rate" as commonly used in private industry and state, county or municipal governments, is the effort to place employees in private industry, for a particular wage locality area. This does not exist under the present system, nor have the bills incorporated sufficient language to achieve the true prevailing rate system.

For these reasons, we urge that the prevailing rate term be clearly defined so that the proposed prevailing rate committee have for its implementation a standard which the Congress and the employees of the Federal Government clearly understand. At the present time any comparison between the Federal employees rate of pay in a particular job classification and that of a comparable employee in private industry results in the conclusions that there is no adequate relationship. A more precise definition will assist in achieving a true prevailing rate system.

It is therefore, encouraged that the bill be amended to provide that the Committee expend every effort to devise and revise the pay fixing system so as to result in pay rates for Federal employees that are reasonably related to the pay rates found in private industry.

The following definition is offered:

"Prevailing rate means that rate of pay which will, as nearly as possible, coincide with the rate of pay paid to an employee in private industry for a comparable position. Wherever practical, the rate of pay for a position in private industry should be the rate of pay paid to the Federal employee."

Realizing the difficulties involved in a nation-wide prevailing rate system the bill should be amended to provide that any wage increase resulting from a locality survey, should as a minimum, reflect a percentage increase no less than the National Consumer Price Index rise over the preceding year. A comparable recommendation was the subject of intensive discussions by the established National Wage Policy Committee which now makes recommendations to the Chairman

of the Civil Service Commission. The Committee adopted this proposal and the Chairman of the Civil Service Commission rejected it. In our view the rejection of the National Wage Policy Committee's strong recommendation on this issue by the Chairman of the Civil Service Commission was arbitrary and the reasoning specious. I may add here parenthetically that the rejection of this reasonable proposal, by the Chairman, after a long and unwarranted delay in reaching a decision, reflects in microcosm the woeful inadequacy of the present wage system as a whole.

Our organization finds that the adoption of this plan would assure that surveys would not result in the ludicrous increases of four and five cents an hour which has been the practice in the past. Employees in cities such as Chicago, Illinois, Montgomery, Alabama, and New Orleans, Louisiana, actually received increases as low as four and five cents an hour during the past year. Not only is the amount incredibly small but this paltry rise when coupled with the realization that the cost of living rose approximately 6% makes it evident that those employees in fact suffered a deep reduction in real wages.

The Civil Service Commission, in responding to this harsh fact, blithely proclaims that substantial number of employees received increases above the cost of living factor. This is as it should be since the cost of living is not meant to be the standard but rather a minimum. This minimum cost of living increase concept has proven to be the most understandable recommendation put forth by the Committee. Understandable, in that it is something that the employees and the Congress could accept as a reasonable concept. I am sure that the Congress and the President do not want to cause employees in the Federal Government to suffer because the prevailing rate system does not produce a wage rise consistent with cost of living advances. The Chairman of the Commission states that this minimum cost of living concept is inconsistent with the prevailing rate system. As previously described, no true prevailing system exists in the Federal Government. This is an illustration of the failure of the Civil Service Commission dominated wage system to adopt realistic proposals.

The Bill should provide for a ten step system, the first step at 96% of the prevailing rate, the second step at 100% of the prevailing rate and the third step at 104% of the prevailing rate, the fifth step at 112% of the prevailing rate. There will be additional steps up to and including a tenth step with a progressive 4% increment. All employees now occupying the third step would automatically advance to the fourth step and all employees now occupying the second step would automatically advance to the third step. For each successive step, beyond the third step, a waiting period of 52 calendar weeks should be established. This ten step schedule would conform with the ten step schedule now provided to those employees falling within the general schedule and other pay scales established for Federal employees.

Greater coordination with the general schedule can be provided to wage grade employees by assigning a uniform night differential at the 10% rate, now paid to general schedule employees, thereby providing appropriate incentive for blue collar employees to work the less desirable shifts. In this connection, we find that wage grade employees are receiving a percentage rate for hazardous pay which is substantially less than that paid to general schedule employees. This bill should be amended to provide that hazardous or environmental pay to wage grade employees should be no less than that prescribed for general schedule or white collar employees.

Returning to the question of the prevailing rate concept, the bill should provide that whenever the Committee finds it feasible to adopt a true prevailing rate concept, that is, one where the Government pays substantially the same rate as that found in private industry, then such true prevailing rate concept should be adopted. This is especially true in job classifications and functions that are virtually identical as between the Federal Government and private industry.

The National Federation of Federal Employees recommends that the Federal Prevailing Rate Advisory Committee be composed of six representatives of employee organizations and an equal number of representatives appointed by the agency and the Civil Service Commission and that the selection of the Chairman be designated and appointed as prescribed in S. 315. Each organization representing 10,000 or more wage grade employees shall be entitled to a representative on the Federal Prevailing Rate Advisory Committee. We question the equity and fairness of establishing committee representatives on the basis of proportional representation. Something like this has been utilized in the present National Wage Policy Committee and it works to the disadvantage of organizations hav-

ing a substantial interest in wage board employees. The exclusion of any organization having such interest shuts off the presentation of useful views. We find that the bill is severely inadequate in this regard and discriminatory. Placing four representatives of a single mind and affiliation on a committee of five creates serious problems and has created such problems during the history of the current National Wage Policy Committee. It will also permit greater agency participation now precluded by the limiting number of agency representatives.

The National Federation of Federal Employees believes that there should be a recognition within the bill of the corresponding system established for general schedule employees and of the importance of coordination of the two systems. Frequently, general schedule and wage grade employees work side by side under the same conditions of employment having different fringe benefits, such as night differential, hazardous pay, overtime, etc. Further the inevitable improvement in technology will accelerate the change over of positions from wage grade to the general schedule. Coordination of the two methods of payment are more significant than heretofore.

Further, the National Federation of Federal Employees recommends that the Federal Prevailing Rate Advisory Committee should concern itself with the long range needs of the Federal Pay System and the trend towards a national rate. Continuing review should be made by the committee to ascertain whether the difference in rates in the various locality areas of the country are sufficiently disparate to continue the large number of wage locality areas. It is apparent to us that there is a continuing trend towards a single rate for blue collar employees in a variety of industries. This is especially true in the aircraft mechanic and automobile production industries.

Mr. Chairman, there are in round figures about 75,000 fulltime or part-time nonappropriated fund employees in the Department of Defense and Veterans Administration who should be under the Coordinated Federal Wage System. These employees perform work on Government installations and do not presently come within an organized statutory system nor classified employees. We recommend that they be brought under the Coordinated Federal Wage System.

The injustice of the method of payment and conditions of employment particularly within the Department of Defense represents a shocking indictment of the failure on the part of the Government to deal with Post Exchange employees in a fair and responsible fashion. Their inclusion under the system would constitute a major step towards eliminating employees from the poverty pay level.

It is essential that employees occupying positions at the lower scale levels be paid at a minimum rate at no lower than the $6,000.00 annual scale. This figure was established by the Bureau of Labor Statistics last year as the minimum income required for a family of four. We realize that this is an inadequate sum, however, we are aware that many private firms fail to pay a rate comparable to that figure and in this important respect we disagree with the concept of a prevailing rate system. It is felt that employees at the lower scale levels should receive model employment pay treatment and thus lead industries to emulate the Federal Government in this significant respect.

For these reasons, we would like to see the bills expanded to include the significant policy points in the position of the National Federation of Federal Employees on the subject of wage setting in the Federal Service herein indicated. To summarize, we present them as follows:

1 The establishment of a within-grade increase and longevity system for wage board employees' having a ten-step plan comparable to the Class Act System.

2. The establishment of a 10 percent night differential for regularly scheduled nonovertime work so that the night differential rate will be more comparable with the night differentials paid to Classification Act employees.

3. The establishment of a minimum wage of $6,000.00 annually for all full time wage board and classified employees.

4. The establishment of a Federal Prevailing Rate Advisory Committee for wage grade employees comprised of an equal number (six) of agency representatives and union representatives and a full time voting Chairman selected by the President and confirmed by the Senate with a full time staff. Employee organizations representatives shall be established on the basis of one each, representing a minimum 10,000 wage grade employees.

5. The application of a true prevailing rate concept for wage grade employees, that is, equal rates of pay for the same work in the same local wage area.

6. Proper differentials for duty involving unusually severe working conditions or hazards established at a rate no less than that established for General Schedule employees.

7. Coordination of Classification Act and Wage Board pay systems including hazardous and night differential pay provisions.

8. The bringing of nonappropriated fund employees and VA Canteen employees under the Coordinated Federal Wage System.

9. The inclusion of wage and salaried employees under one overall Salary and Wage Committee with representatives on the Board of all agencies and employee organizations having substantial interest in wage or salary programs, with a minimum of six members representing the employee organizations and six representing the agencies with an impartial chairman.

10. A continuing review of all wage rates to determine the appropriateness of the adoption of a national rate concept.

We realize that these matters are large and require close and careful study. If we can secure the enactment of legislation designed to meet these problems more effectively than presently, the Congress will have earned the gratitude not only of all wage board employees but of all whom they serve.

In this connection may I say that insofar as the NFFE is concerned * * * and I know that to be the view of the members of your Committee * * * the issue of over-riding importance is to get prompt and constructive action in this immensely important area.

Over the years we have done a patch and repair job on what by any fair appraisal is an inadequate jerry-built structure which now has come close to breaking down under severe stresses and strains which were not contemplated in the past. The time for a substantive step forward is indeed long overdue. For that reason we strongly urge favorable action by this Committee now.

The Congress could win the eternal gratitude of wage board employees by including within this act a provision which would prohibit the agencies and the Civil Service Commission from establishing new standards that would affect employee's grades without a corresponding change in duties and responsibilities.

Specifically, the current National Wage Policy Committee's policies have caused a downgrading of approximately 10,000 jobs without any change in duties and responsibilities. Additionally, the Civil Service Commission has changed its standards so that many wage grade employees are suffering reduction in grade without any reduction in duties and responsibilities. The final bill should include a prohibition on system changes which result in downgrades.

The NFFE has been addressing itself to these problems from day to day for more than 53 years, and the recommendations which I have made to this Committee today are based upon practical experience and represent our best and most mature judgment as to a sound and proper course of action.

Mr. Chairman, I express my thanks to you and to the members of the Committee for the opportunity to state the views of the National Federation of Federal Employees.

The CHAIRMAN. We will recess these hearings right now for obvious reasons, until 2.

We have three witnesses left on the docket for today. They are, Mr. Kenneth T. Lyons, president of the National Association of Government Employees; Mr. Richard I. Wevodau, legislative director of the National Association of Post Office and General Services Maintenance Employees, and Mr. Vincent J. Paterno, president of the Association of Civilian Technicians.

We will resume at 2. If there is anybody to whom this poses an insurmountable complication, please see Dave Minton and we will try to make some other arrangements in your case. We want you to be heard.

(Whereupon, at 12:22 p.m., the committee recessed, to reconvene at 2 p.m. the same day.)

AFTERNOON SESSION

The CHAIRMAN. The committee will resume its hearings.

The first witness this afternoon is Mr. Kenneth T. Lyons, president of the National Association of Government Employees.

Mr. Lyons is accompanied by Mr. Alan Whitney, executive vice president, Mr. Manuel Donabedian, national executive director, Mr. Edward Cavanaugh and Mr. Robert Mahoney.

Welcome to the committee meeting.

Mr. LYONS. Mr. Chairman, with the Chair's permission, I would like to submit in the record a few comments regarding the administration proposals for wage board legislation which were revealed on April 20th.

The CHAIRMAN. Your statement will appear in the record.

STATEMENT OF KENNETH T. LYONS, PRESIDENT, NATIONAL ASSOCIATION OF GOVERNMENT EMPLOYEES; ACCOMPANIED BY ALAN WHITNEY, EXECUTIVE VICE PRESIDENT, AND EDWARD CAVANAUGH

Mr. Chairman and members of the committee: I consider it a privilege to appear before you today in behalf of those members of the National Association of Government Employees who occupy wage board positions in the Federal service, both in appropriated and non-appropriated fund activities.

Extensive testimony by numerous groups in the last session of Congress served to highlight and emphasize the special plight of the Government's nearly 700,000 wage board, or blue collar, employees.

It appears today that there is general recognition in both the House and the Senate of the need for corrective legislation.

Indeed, the leadership displayed by the chairman and members of this committee provided much of the impetus leading up to congressional approval of wage board legislation last year.

All outward signs indicate that the sense of urgency surrounding this topic in the Congress has not abated. We are further heartened by indications that the administration's position with regard to legislation in this area may be more flexible now than in the past.

From the standpoint of the NAGE, any legislation offered up to Mr. Nixon must, as a matter of equity, incorporate six basic provisions as a minimum:

1. It must establish a 10-step per grade pay schedule for wage board workers paralleling the government's statutory pay systems;
2. It must include employees of non-appropriated fund activities within the scope of its coverage;
3. It must establish uniform and fair premium payments for overtime work, second and third shift tours, and travel time;
4. It must provide for broadened and more meaningful participation in the system by recognized employee unions at the national, agency, and local levels;
5. It must establish a legal requirement that before any government agency may elect to have a wage board function provided by a private contractor, it must document and prove that a savings will result in both direct and indirect costs to the government; and, further, that the function involved will not be derogated; and
6. It must provide for retroactivity to at least January 1 of this year.

These points, in our opinion, reflect the essential elements of a progressive and efficient wage board program.

In perhaps no other single instance is the disparity between the treatment accorded wage board workers and other categories of Federal employees more obvious and more damaging to morale than the existence of only three steps in each grade of the wage board schedule.

This untenable arrangement confronts each employee with a "dead end" within a relatively short time after joining the workforce.

He may look forward to a planned career of perhaps 30 years confined to the same grade level and with no opportunity to advance within that level.

He then watches in alarm as a neighbor and coworker, occupying a general schedule position at the same activity, steadily progresses through the additional pay levels afforded by his pay system.

An employee need not master the "new math" to readily determine that the 30-percent span of a general schedule grade level, from step 1 through step 10, means substantially more income over a career than the 8-percent scope of a wage board grade's three steps.

This discriminatory treatment must be eliminated if we are to restore the faith of the blue-collar worker in his employer, and assure him of equal treatment with his brethren in the other Federal pay systems.

Regarding the need for including nonappropriated fund employees in the Government's wage board system, it would be hard to find a more mistreated category of Federal worker.

Our experience with these employees is principally confined to the Army and Air Force exchange system, and I do not balk at asserting that the pay and personnel practices of this agency can best be described as "stone age."

One need only examine the unbelievable turnover rates among Army and Air Force exchange service units to arrive at the inescapable conclusion that something is drastically wrong.

The NAGE represents such units where turnover runs between 30 and 40 percent annually. The employees leave for the simple and rational expedient of escaping from poverty.

Administration shortsightedness in opposing wage board coverage for these workers is borne out by the long-term savings that would arise from greatly lessened recruitment and training expenses if a brake were applied to the drastic problem of runaway turnover.

Among the basic ills of the present system which can be cured by expanding the unions' role and establishing a truly objective policy panel to oversee the system is the executive branch's determination to establish Federal wages for blue-collar workers by fitting a straight line to graphs of wages paid in private enterprise.

That this choice was made for aesthetic reasons is clear, for it produces pay scales which are neither consistent with economic fact nor fair to those whose livelihoods depend on them.

Our major objection to the straight line method is that changes in average wages at one pay grade may unduly affect values given by a payline at other grades.

Although these effects may be beneficial, the following hypothetical situation will demonstrate that they can also be unfairly adverse.

Suppose that a payline is to be constructed for three job classifications, and that the average private enterprise wage for job No. 1 is $3, for job No. 2 is $4, and for job No. 3 is $5.

Using the Government's straight line method, we get as expected, a payline which passes directly through these three points.

In other words, the Federal Government will pay exactly the same wages (all other fatcors being equal) as the averages for private enterprise.

Now, suppose that a year later, a new survey, for the purpose of constructing a current payline, is conducted; and suppose that the private enterprise averages for jobs No. 1 and No. 2 have remained unchanged at $3 and $4 respectively, but that the average for job No. 3 has increased to $6.

Surprisingly, the new payline will provide only about $2.83 for job No. 1, a reduction of 6 percent from the unchanged private enterprise rate of $3.

The same payline will provide about $5.83 for job No. 3, a difference of only 3 percent from the average for private enterprise.

This phenomenon of those in the lower grades paying for the wage increases of those in the higher grades persists into the more complicated situations actually encountered by the Federal Government, and demands immediate correction.

The NAGE, of course, concurs with the proposal to set uniform premium pay rates of 7½ and 10 percent, respectively, for work performed by wage board employees assigned to second and third shifts.

Pending legislative proposals, in our opinion, err in one vital respect: they would establish the policy body to oversee the wage board pay system as merely advisory in nature. We think it important, for the purpose of credibility if for no other reason, that any National Wage Policy Committee established by law be empowered to administer the system it oversees.

It is important, in terms of employee confidence in the system, that they be assured of an effective voice through their elected union representatives.

Relegating the National Wage Policy Committee to an advisory status would seriously undermine the spirit of bilateralism which should prevail.

The NAGE also urges that provisions be included in the legislation which would (1) incorporate wage data derived from the construction industries, and (2) where possible, require that at least 50 percent of the private industry establishments surveyed be those where wage rates are fixed by collective bargaining agreements.

Under the present rules of the coordinated Federal wage system, data collectors are restricted from gathering statistics from construction trades or establishments.

The NAGE has raised this issue many times in recent years, and the typical response from the executive branch has been that wage data of this type is unacceptable because construction work is seasonal in nature.

While this was the case some years ago in some areas of the country, anyone familiar with the industry knows that numerous technological advances in the construction trades have drastically altered the situation.

New chemicals and new work processes have been introduced in the mixing of mortars and cements, and new building materials have been developed, which now make it possible to continue construction work

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under the most extreme temperatures and under the most adverse weather conditions.

Finally, we urge you to consider establishing as a matter of law that no wage change may be of a lesser percentage amount than the most recent increase in the Bureau of Labor Statistics' Consumer Price Index. Such a measure is sorely needed to protect those most at the mercy of inflation and rising living costs.

In closing, I would like to reiterate a position first advanced by the NAGE in 1969 regarding the long-term prospects of the "prevailing rate" concept.

We argued at that time, and buttressed our contention with analyses by the Bureau of Labor Statistics, that the process of determining prevailing rates on a locality by locality basis was slowly but surely losing its validity.

Our basic rationale in advancing this position was that the United States has, for some years, been moving steadily toward what can be described as a "national labor market," in which private employers engage in sharp competition on a nationwide basis for the skills and talents of crafts and trades employees.

We noted that intra-work-force mobility has increased to a level inconceivable only a few decades ago, and that as the Nation's transportation facilities continue to shrink both time and distance, this mobility will intensify.

This movement has been substantially abetted by the trend toward increased numbers of national or multiunit negotiated contracts, covering vast numbers of workers from coast to coast, and by the establishment of new plants in low wage areas by large national manufacturers, bringing into these areas formal wage structures in excess of existing wage rates.

Such industrial expansion, we noted, tends to increase local competition for labor, with the result that wage rates throughout the area rise until they are in balance with the newly introduced rates.

All of the data examined was best summarized in a statement from Bulletin No. 1530–87, part II, of the Bureau of Labor Statistics regarding trends in wages and related benefits in metropolitan areas of the United States.

According to the Bureau:

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

All this is by way of suggesting that an intensive study is needed to determine if sufficient differences in wage rates from area to area presently exist to justify the continued use of the locality prevailing rate technique.

It is our firm belief that there is a distinct, readily identifiable and advanced trend toward parity of private sector blue-collar wages among the cores of employment in the Nation.

There is no doubt in our mind that this trend will continue.

Such a study would answer with authority the question we raised in 1969: Should not the Federal Government extend the prevailing rate concept from its present limited scope to its logical conclusion, a nationwide survey and a nationwide wage schedule?

We do not, of course, suggest that the improvements we discussed earlier be held in abeyance pending completion of such a study.

But we do believe that the potential long-term cost benefits to the Government which would result from the adoption of such a system justify a close examination. We also believe it would eliminate many of the disparities which now exist, and would provide a common standard of income in keeping with the realities of a modern economy.

In advancing the recommendations set forth by Mr. Hampton, of the Civil Service Commission, the administration is making a not very subtle attempt to evade the necessity of making any substantive improvements in the Federal Government's wage system. To the contrary, its proposals represent, in large measure, a regression from current practice.

This is most obvious in the proposed structure and authority of the Federal Wage System Advisory Council.

This body, as defined by Mr. Hampton, would be totally lacking in substance, playing no effective role in the administration of the system or the development of policies governing the system.

As the administration's statement makes plain, "This would not be a decisionmaking body." Instead, again using Mr. Hampton's own words, the Council would do no more than provide an opportunity for "the views of management and labor (to be) expressed in the review of existing and proposed policies applicable to employees subject to this act."

Mr. Chairman, we and the other recognized labor organizations do not need the forum of an "advisory" council to express our views.

We promise that the administration will be well aware of our views on any matters relating to the welfare of our members.

But we strongly resent this bald-faced attempt to deprive wage board workers of the right to have their elected representatives play a meaningful role in the administration of their pay system.

The administration would further restrict labor organization participation in the wage setting process by turning the entire survey function over to the Bureau of Labor Statistics.

While we agree with such a change in principle, provision must be made for union input at the local level in the determination of specific industrial establishments to be surveyed.

It appears obvious to us, based on the two points I have just discussed, that the administration has no appreciation whatsoever for one of the most critical and essential elements of any pay-setting system: The necessity for employee confidence in the integrity and impartiality of the process. Those responsible for drafting the administration's legislative proposals evidently have no conception of the widespread sentiment among Federal workers that the executive branch's guiding light is "economy of operation," and not fair and adequate wages.

The adamant refusal of the executive branch to recognize and cope with this fact of life only heightens the dissatisfaction generated by the disparate treatment given employees of the Federal Government.

The wage board employee is well aware that organizations representing postal workers are negotiating wages and other substantive benefits. It is difficult to argue with their logic when they ask, "Why not us?"

It must be obvious to all concerned that circumstances dictate something more than tokenism; yet, this is what the administration offers.

We are confident that this committee, and its counterpart in the House, will demonstrate a realistic and equitable approach to this serious problem that is so sorely lacking in the administration's recommendations.

I might add too, Mr. Chairman, that this entire concept of wage gathering data as it is applied to the wage-grade employees or blue-collar workers is a hodgepodge that just does not make sense.

We have instance after instance of employees who live just 10 or 20 miles from each other, with wage differences of up to 60 to 80 cents per hour.

We have areas in which a Federal activity is in what you might call a low prevailing rate area, where the employees live 30 or 40 miles from the Federal site, which is a high-cost living area.

No provisions are being made on behalf of these employees.

One example would be the employees who work in New London, Conn. Their wages are far lower than the wages of employees who work 20 miles from them in the Narragansett Bay area.

The differences in pay range in some instances to as much as 70 cents per hour, yet the Federal employees are performing the same work, living on the same street, working for the same Government, yet one works 10 or 15 miles away from the other, and they are in different wage areas.

I think we also should consider very seriously the fact that the Federal Government does not allow construction or building trades data to be included in surveys to develop Federal wage data, and they use the old canard that the construction trades are only seasonal occupations.

Well, they are not. In this new day and age, with the new chemicals and technologies that we have, the construction worker works from January to December.

With plastics and portable heaters, he works inside of these buildings constantly, and yet you have the construction worker getting from $10 to $12 per hour, doing work identical to that of the electrician, carpenter, plumber and others employed by the Federal Government getting $4 and $4.25 per hour, doing exactly the same type of work, having the same skills, and yet we cannot use that data.

The only data you can use in many instances is in the area that I consider to be nothing short of sweat shops, but, of course, the Government allows that to be included in the wage data. I do not think it is fair for them to find some small company and use that as a basis for comparison to our Federal employees.

I think the whole system should be changed, and certainly with the expertise we have in the Civil Service Commission, and in the Department of Labor, an intelligent system can be developed.

They should come up with some concrete and sound ideas to correct the inequities that do exist in this tired old system that was started, I believe, in 1862.

I think we need a new system. I think that we have in our prepared text some excellent ideas to correct these inequities, and I hope that the committee will consider them. Certainly, some of the questions that were asked of the administration this morning deserve answers: What is a living wage, what is a fair wage for our Federal employees?

I would like Mr. Donabedian to expand briefly on that point.

What is the Government's figure on what a fair wage is for an employee with four in the family?

Mr. DONABEDIAN. The Department of Labor, Mr. Chairman, released statistics recently, indicating $10,000 would be the minimum yearly wage that a family of four could live on.

That is with the necessities of life, and I mentioned that to Mr. Lyons this morning when the question was raised during the testimony of Mr. Hampton, the chairman of the Civil Service Commission.

I think that, if I may, with your permission, Mr. Lyons, just add that when we talk about prevailing rates, we are talking about wage areas.

I do not want to belabor the issue, but I think what we should point out here is that when we have a dominant industry, such as in the New London area, which is the electricity company there, and with General Dynamics, this is the dominant industry, and the wages of the Federal employees are based and governed generally speaking by what that firm pays, so that if that firm pays a lesser amount or can manage to keep its wages down, it means that all of the wages of Government employees in this wage area will be kept down. As a matter of fact, as Mr. Lyons pointed out, the furthest point from that wage area to the Narragansett wage area is only 18 miles. Just 18 miles, and those employees who work in the Narragansett area generally speaking receive from 34 cents to 70 cents an hour more than the employees in the New London wage area. I think that the committee should consider this, and I think that provisions should be made in this legislation, or the proposed legislation, which would remedy such a situation, where adjacent wage areas pay that much more in wages, and yet the cost of living is equal in both wage areas. This is a problem that we have encountered throughout the country in the different wage areas, and that one wage area that I mentioned, New London, is the one that stands out in my mind at this time.

Mr. LYONS. I believe the committee chairman pointed out that Jacksonville, Fla., enjoyed a 12-percent increase in pay last year. Charleston, S.C., received approximately 4 percent, and I believe the distance between the two is something like 250 miles. The differences are great, and many times when we review the facts and figures that the Civil Service Commission issues, we cannot justify them.

Of course, we believe there should be a national scale regardless of what part of the country you are in, and regardless of what activity you are in, and that the wage board employee should be paid in a manner similar to that of our classified employees.

We believe we should establish a 10-step-per-pay scale for wage board employees, paralleling the Government statutory pay system.

Last night I was at a meeting with some Veterans' Administration employees. Some have worked for the agency for 5 years. There is no step increase for them, and they are more or less stagnant in their positions. I hope something can be done to make them equal with the classified employees, and, I believe, of course, that legislation must include employees of the nonappropriated fund activities, that they should be within the scope of the coverage.

I note that in some of these nonappropriated fund activities, one particular area in Pennsylvania, they keep running out of funds, and

the employees are paid little money indeed, but sometimes they have to wait 3 to 6 weeks to get their pay.

We have complained about this, and as I pointed out, not only do they have to wait a long time to be paid, but there is a continual turnover because of the low wages paid to these so-called PX employees, and nonappropriated fund employees that are working for the Federal Government. Of course, when you have this constant turnover, it actually is costing the Federal Government additional moneys.

The CHAIRMAN. Thank you very much for your contribution in highlighting the discrepancies in the present operation.

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

The CHAIRMAN. The next witness for this afternoon is Mr. Richard I. Wevodau, the legistlative director of the National Association of Post Office and General Services Maintenance Employees.

STATEMENT OF RICHARD I. WEVODAU, LEGISLATIVE DIRECTOR OF THE NATIONAL ASSOCIATION OF POST OFFICE AND GENERAL SERVICES MAINTENANCE EMPLOYEES

Mr. WEVODAU. Thank you. Mr. Chairman, members of the committee, I would like to thank you for this opportunity to appear before you and present our views on pending legislation affecting the rates of compensation of wage board employees.

For the record, my name is Richard I. Wevodau, and I am legislative director for the National Association of Post Office and General Services Maintenance Employees, AFL–CIO. We have formal recognition for the 16,000 employees of the Public Buildings Services of General Services Administration.

At the offset, I would like to say we favor and support S. 231 over S. 315 introduced by the distinguished chairman.

We say this, and hope that the chairman will take no offense after we explain our reasons. Ours will not be a lengthy statement. We feel that the statement given by brother John Griner covered all aspects of the problem in an excellent manner, but we would like to touch on a few highlights.

There has been a vast improvement in the wage board system since 1965. But now, all that is good in the system should be enacted into law, so that there is a statutory basis for what is now general practice.

It is not a case of asking for any special rights or privileges for this group of employees, but rather elimination of any opportunity to circumvent any provision of the regulation—because it is a regulation and not the law of the land.

To set the stage for our testimony we would like to go on record as favoring a national wage rate with cost of living adjustments based on a statewide area.

Our testimony will indicate the reasons for this stand. The prime reason for taking this position is the very nature of the Coordinated Federal Wage System. In some areas of the country there are no industries with comparable positions to make a comparison for a prevailing rate.

In other antiunion sections of the country, wages paid in the private sector do not reflect a true prevailing rate on a national scale. In the postal service we are a strong believer in "equal pay for equal work."

Also, in many cases the work standards of a wage board employee are more stringent than his counterpart in the private sector.

We find no quarrel with the basic concepts of the Coordinated Federal Wage System, but feel that, as we said earlier, it should be enacted into law so that it has some teeth in it.

One of the great fallacies of the area wage concept is that those living in areas where the cost of living is the greatest receive the highest wages.

This is not true. January 1971 figures show that for a family of four, intermediate budget costs in New York City are $12,134 per year; in Boston, Mass., $12,037 per year; in Hartford, Conn., $11,854 per year and in Buffalo, N.Y., $11,425 per year.

The latest GSA wage survey for New York City shows a grade I, step 2 employee receiving $2.88 per hour.

In Boston that same employee receives $3.02 per hour; in Hartford $2.62 per hour and in Buffalo $2.80 per hour.

Therefore, you can see that the cost of living in an area has little to do with the area wage paid.

We prefer S. 231 over S. 315 for several reasons. One is the establishment of a 10-step wage grade as outlined in 5343 8 (C) of S. 231.

Presently, with the three step principle an employee reaches top step in about 4 years. This means that if he eventually becomes a 25- or 30-year employee, he has no pay incentive to look forward to, other than any additional increases brought about by a wage survey.

Another is the night differential outlined in 5343 10 (B) of the same bill. We are a strong believer in the theory that the night is made for sleeping—not working. If an employee is required to work during normal sleeping hours, he should be compensated.

We would, however advocate a 10-percent differential between 3 p.m. and midnight and a 15 percent differential between 11 p.m. and 8 a.m.

In private industry the figures average 13.5 percent for the period between 3 p.m. and midnight and 18.7 percent for the midnight to 8 a.m. time period.

Due to the difficulty we have experienced with the Civil Service Commission on job ranking appeals we are leery of the role played by them under the job grading system outlined in section 5346. We feel that this would be better let to an outside independent agency.

We would also at this time respectfully request a rider or insertion in the bill to correct two glaring inequities in the Wage Board System.

One is the present method of setting rates. These pay rates are based on R. & I. (repair and improvement) rather than construction rates.

Many times GSA wage board employees are called upon to perform what we consider as major construction jobs, but are paid at a lesser rate under the guise of minor improvement or renovation.

For instance, in Kansas City, Mo., in May of 1970, a renovation job was done on the Federal Office Building because of Housing and Urban Development moving into the building.

The estimated cost of this project was $600,000. GSA wage board employees working on this renovation were paid the regular R. & I. rates since GSA classed this as a minor improvement.

The other problem area is this. At present there exists within GSA a group of employees known as the "4th hour" or "uncommon tour of duty" employees.

They primarily serve in a relief capacity. They are not subject to the midnight to midnight workday, and the Monday through Friday or 5 consecutive workdays granted other wage board employees under title 5 USC 6101.

This individual could conceivably work from midnight last night until 8 a.m. this morning, report back to work at 8 p.m. this evening, work until 4 a.m. tomorrow morning, which would constitute 12 hours of work in a 24-hour period and not be entitled to overtime.

In some instances by this system an employee in one pay period has worked 48 hours during the time period of Sunday through Saturday, which is the GSA service week, and 32 hours the next week and has been denied overtime because the total work hours for the 2-week pay period was only 80 hours.

We request that for an "uncommon tour of duty" employee the 24-hour period comprising the work day begin with the first hour that he works.

This would require an amendment to the appropriate section of title 5, U.S.C. 6101.

We also respectfully request that some consideration be given to establishing within the Coordinated Federal Wage System a pay scale for construction work to be paid when any "minor improvement" exceeded $25,000.

We again want to thank you for this opportunity to appear and would be glad to answer any questions.

The CHAIRMAN. You may summarize your statement, if you wish.

Mr. WEVODAU. Mr. Chairman, we represent a small part of the total wage board employees. We represent the Public Building Services employees of the General Services Administration.

These are the employees who maintain the buildings and equipment occupied by GSA.

To set the stage for my remarks, I would like to say we favor a national wage rate with cost of living adjustments, based on a statewide area.

The reason for this, being as Mr. Hampton pointed out this morning, the surveys that are conducted, wage surveys, deal with private industry, supposedly union negotiated contracts, and most of these companies now over the past few years have followed a trend toward a national wage scale rather than an area wage scale.

In the Post Office Department, we are a firm believer in the idea of equal pay for equal work.

Our pay system provides equal amounts of pay on a nationwide basis, however, we would like to see a cost of living adjustment entered into with that.

The CHAIRMAN. Would you adjust that cost of living thing on an area basis?

Mr. WEVODAU. Statewide. In conducting a wage survey, wage board survey, it becomes rather difficult because in many areas of the country, which are antiunion, you have no union negotiated contracts where wages were negotiated.

Also for this reason, wages paid in the private sector, that is in these areas, they do not reflect a true prevailing rate, and in many cases, the work standards prescribed by GSA are much more stringent.

He may be required to do much more in the same job classification than any other industry. We find no quarrel with the concept of the Federal wage system, but we feel it should be enacted into law so there are some teeth in it.

One of the great fallacies of the system is that it seems if you live in a high cost of living area, you will be paid a higher wage.

The figures indicate that in New York City, that that city has now become the highest cost of living area in the country, but yet in Boston, which is not the first, a wage board employee there enjoys a higher pay rate, so the concept that if you live in a high cost of living area, your wage will be higher, this assumption does not hold true.

We also like the idea of 10 steps, because theoretically an employee could reach this top level in a year and a half period, and if he becomes a 25- or 30-year employee, he will receive no additional pay increase other than he would receive through the wage board system.

As you know, in the Post Office, we have a 12-step system, and we would also like the idea of a night differential.

I personally believe that night was made for sleeping and not for working, and if I have to work at night, I feel there should be some additional compensation.

I would like to advocate a 10-percent differential. If we are truly going to follow the prevailing rates in private industry, as it was pointed out, many companies in the private sector do not work night schedules, so there is no prevailing rate there to follow, but in the areas where you do have companies working at night, the time period from 3 p.m. to midnight, the average figure for night differential is about 13½ percent, and 18.7 percent for the midnight to 8 a.m. time period.

There is also something else that enters into the wage board schedule.

The pay rates that are employed are based on maintenance and improvement or repair and improvement, and over the last 10 years GSA has gone more and more into doing their own renovation and improvement of buildings.

They will sometimes hire craftsmen from outside GSA if the job is large enough, and our GSA wage board employees are working right along side these employees, doing the same type of work, and in many cases receiving less money.

GSA covers up with the explanation that what they are doing is only minor improvement, yet in May 1970, in Kansas City, Mo., there was a $600,000 major improvement on the Federal building there due to another Government agency moving in.

We feel for this kind of so-called renovation, there should be an in-grade wage scale to cover something along this line.

Basically that is my statement, and I thank you for your time.

The CHAIRMAN. Thank you for your statement.

Mr. WEVODAU. Thank you.

The CHAIRMAN. The third witness this afternoon is Mr. Vincent J. Paterno, president of the Association of Civilian Technicians, and he is accompanied by Mr. Jack H. Reagor, vice president of the Wage Board of the Association of Civilian Technicians.

STATEMENT OF VINCENT J. PATERNO, PRESIDENT OF THE ASSOCIATION OF CIVILIAN TECHNICIANS; ACCOMPANIED BY MR. JACK H. REAGOR, VICE PRESIDENT OF THE WAGE BOARD OF THE ASSOCIATION OF CIVILIAN TECHNICIANS

Mr. PATERNO. Thank you, Mr. Chairman.

Mr. Reagor is here from Montana, and because of the size of our organization, he is still a wage board employee, and he will not be able to return as easily as I will be.

I would like to summarize my particular position, since I will be able to return and discuss this with the Staff.

Mr. Chairman and members of the committee: It is appreciated by the approximately 4,000 National Guard technician Wage Grade employees in 18 States that our organization represents, that we have been given this opportunity to present our views on Wage Grade legislative requirements.

Our category of employee, though only accepted into Federal status on January 1, 1969 by Public Law 90–486, has long been under the wage setting system now under legislative review. Our membership covers better than 30 wage survey areas with many areas in some single bargaining units.

We have career and promotion fields that move our type of employees back and forth between General Schedule and Wage Grade classifications that provide extreme difficulties because of the variance of systems.

We have encountered all of the problems of the system and have some that are unique to National Guard employees because of legislative and administrative restrictions to equal treatment with other Federal employees.

At the outset we must propose support of legislation that will provide a 10-step longevity raise procedure that rewards civil servants for their tenure, loyalty, and expertise.

The Government must not, in our view, treat its public servants as labor commodities. Government service must be rewarded with more than corporate impersonality. The service given, be it blue collar or white, must be supported with dignity and pride.

Excellence, and tenure should be marked by appropriate gains in a career Government service.

The step pay system allows the remarkable flexibility to permit rank-in-man to equate with rank-in-job standards. It allows for pay for work to be balanced with rewards for long service and the measure of experience enhanced skills.

The step pay system, scheduled as it is in the classified area, could forestall the imminent present need for collectively bargained wages, and if tied in with other needed corrections, give the Government a reasonable long term view to good labor-management relations.

It is sad that our Federal managers move always further toward government employment in a hiring hall attitude, except as it pertains to certain professional classes and executive schedules.

The 10-step pay system will do more than provide economic equity for the Wage Grade employee, it will invite him into the civil service as a fully accepted member. The 10-step system, applied within appropriate grades, would serve both employer and employee.

Serious consideration should be given to more adequate survey data collection and interpretation. The present system with its 140-plus areas, presents differences within the borders of the continental United States for men working at the same craft or trade.

Large differences in areas separated by arbitrary boundaries. Personnel manned from single installations chairing and dominating survey boards without significant interest beyond the scope of their own purviews.

Industries reluctant to give significant wage information to AFL–CIO affiliates. Personnel officers torn away from their full time capacities to sit in lead positions on the survey boards. Unions using the board membership as a recruiting and pressure device rather than cooperative rational attempts at adequate wage reviews. Budget considerations providing shadowy but probably significant persuasions on supposed impartial surveys.

Out of the area surveys for nonlocal crafts and trades marked by administration reluctance to review or effect despite laws requiring them. Major crafts, such as aircraft mechanic, optional for survey purposes. Construction trades left out of survey for obvious financial reasons. Many inadequacies that can pervert prevailing wage goals.

It would appear that fewer areas, significant boundaries, trained full time impartial survey personnel, local full range union participation, recorded testimony, and more professional survey techniques are needed.

Further there should be more job to job analysis with questions posed when surveys reveal large differences between the pay of a Federal classification and the actual pay given in the private sector.

In fact, in the day of the computer it would appear that job by job pay review is possible where there is a private skill counterpart. If there is a job that pays in the private sector at the scale of a WG 13 or 14, it seems less than reasonable to have Government job classifications scaled at a WG 10.

This defeats the whole concept of prevailing wages but it does happen as with the aircraft mechanics. Too, as opposed to the theory of paying in the executive scale, we find little in the way of additional compensation for Government employees who are employed in multiskills that cross single trade training and knowledge requirements.

The higher skill marks the wage grade despite multiskill job requirements that require additional training and adaptability.

This is particularly true in the Guard and Reserve technician program where sparse numbers man large technical requirements.

Legislation presently being considered should be modified to include provisions for National Guard technicians getting the same pay for overtime work as all other wage grade employees.

They are presently denied overtime pay by provisions of Public Law 90–486, a fact that precludes their being placed in a comparability or prevailing scale.

They have even been denied premium pay or hazard pay differentials for their overtime because they are not in a pay status when they perform the work during these periods.

Ridiculous? Yes, but true.

The legislation should be further modified to permit negotiated agreements to transcend the 5-day, 40-hour week with other constructions such as four, 10-hour days, if the result of a bona fide labor-management agreement. It is coming and should be prepared for with permissive legislation at this time.

The legislation should provide for 25 percent premiums for short tour overseas duty and 10-percent premiums for temporary duty assignments away from some that exceed 5 days in any month. These dislocations, despite per diem, are costly to the employees and provide significant extra service to the Government.

The legislation should provide that the Government pay for or serve one hot meal for any tour of duty that exceeds 12 hours and two for a tour of 24 hours.

This is now the situation on Air Defense sites manned by National Guard technicians and it deserves adjustment. Twenty-four hours on site is little different than service aboard ship or out of town while on per diem.

Despite the recent legislative trend that give to the executive the capacity to set wages and run programs it remains startlingly apparent that the Congress remains as ombudsman. There appears no way to relieve Congress of that role.

The Federal employee needs this road to redress as much now as ever before. We, as National Guard technicians long without Federal employee status until 2 short years ago, support your interest in the nonappropriated fund employees and strongly support the legislative proposals that would give them a degree of equity.

Beware of limiting proposals lest the burden of equity only accelerate the requests to Congress for redress.

We know. When we gained our Federal status it was with exceptions that placed us in the "excepted service", refused us veteran's preference, provided for no appeals to the Civil Service Commission on Adverse Actions, Grievances, or RIF's, credited our past service on a 55 percent formula for pension, and provided an eternal military obligation that exceeds our middle age with its youthful physical requirements.

We are now seeking redress legislatively in many fashions and will until our pleas are heeded.

The legislation before you can provide the Government blue collar worker with dignity, pride, and contentment with his civil employee status or it can be distorted to the point that he feels no more pride than an hourly hireling.

You can legislate out forthcoming management-union conflicts without later intrusions. Equity, service, excellence, dignity, and efficiency stand ready.

The CHAIRMAN. You may summarize your statement.

Mr. PATERNO. Thank you, Mr. Chairman.

I heard the Chairman of the Civil Service Commission this morning tell us about his good intentions. It would appear to me the road that is paved with good intentions is well known.

I have heard words like comparability, but I think I find them hard even on his own chart.

On his own chart, taken from the Chicago area, he pointed out that an aircraft mechanic was paid nearly $5.50 per hour, but under the job rate classification, that they have for an aircraft mechanic, for the Civil Service, he is paid $4.75 per hour.

This is not comparability. We have many jobs within our organization where comparability is defeated on a dollar basis, per se.

It is defeated because people are put in the wrong job classification.

If people were placed in the classification that fit the survey of their jobs, then this particular job for instance would not be a WG 10. It would be a WG 14.

This point became very obvious to me when not too long ago we were threatened with the downgrading of the National Guard technicians.

We built a campaign against it, and since I have always been a general schedule employee, before I became a union President, I was not terribly knowledgeable of the wage grade system, but this brought it to my attention, and I find the wage grade system does not compare with the general scale system for rewarding the dignity of an employee.

I think the 10-step system we have on the GS scale is one of the reasons there probably would be more peace amongst the employees of this category than there would be amongst the blue collar workers.

It is not because the blue collar workers do not want the dignity of being a Government employee, but because they are being deprived of the same dignity we give to other categories.

We talk of comparability. There is other comparability. I do not believe that the Government nor the unions at this point are ready for collective bargaining, and I think that the initiation of the 10-step system, and the treatment of the wage grade employee in the same way we treat the general employees would put off the probability of having to go to collective bargaining for wages, since it would in effect recognize things that are not now recognized.

We do not in our particular area have apprentices. So quite frequently we have to take people in because the low-entry grade who are not particularly qualified to be aircraft mechanics, but we train them, and in 18 months these people are making as much money as a man with expertise and skills he gained in 18 years.

I believe there is a quality that we want to control with Government service that pertains to seniority, skill, expertise and loyalty, and I think that we can develop this if we take a step system into the wage rate.

I believe to have two categories of employees in the Government system as we now have treated differently, tends to defeat our purpose of having Government service be a dignified type of employment, and a special type of employment, where people have a special pride for being connected with it.

I personally have been around the Government since I became old enough to work. I was in the Army in the World War II, and I have worked as a Federal employee from 1950 up until a year and half ago, and I have always had pride in being a Government employee, and I do not want to see this changed.

I do not want to see a Government employee become a commodity on the labor market.

I am afraid that this comparability thing that we have been hearing so much about is failing in the purposes of meeting Government needs.

There are certain changes that we feel, as a specific group are necessary for legislation, and only because there are laws which excluded us from having equity by putting in law that we could not be paid for overtime, so we have many men working many hours of overtime and not being paid overtime rates for this work.

In most cases, they are getting compensatory time, which they may be able to take off at another time, and in some cases, we just had a recent program change, a certain type of aircraft engine has to be completely overhauled, because of safety factors, we are working people on schedules of 6 days a week, 10 hours a day, and we are paying them for the extra 20 hours, we are paying them exactly straight time.

I feel this is not comparability in any sense of the word. I do not feel there is any reason or justification for an employee to work under a grade system, and then be excluded for the same type of coverage that provides time and a half for all others, and we would like to see this changed, if it could be, in the body of this law.

There are other provisions that I could talk about that are basically in my testimony, so I will not go into them inasmuch as my prepared statement has been made a part of the record.

But I would like to, at this time, have our vice president, Mr. Reagor, have an opportunity to talk to this committee, and for you to hear him, because he is well versed in what he has to say.

Mr. REAGOR. Thank you, Mr. Paterno, Mr. Chairman, for hearing me.

Certainly I am in support of the 10-step procedure that we are asking here.

The 10 steps are justifiable from the standpoint that in the National Guard system, in the Department of Defense, and in other agencies of the Government, the GS program has 10 steps, the military has 12 steps, the Postal Service has 12 steps, and in the National Guard system, in the Reserve system, you can hardly separate the jobs between a GS and a WG.

The jobs overlap as such, and you will see a GS doing a craft work, and you will see a WG doing paperwork or clerical work.

A great deal can be said today about this 10-step program.

I believe it has been perfectly discussed. The second thing we ask for is a standardization of shift differential.

The Association supports a percentage of shift differential that is of a national standard rather than a variance throughout the wage areas.

Present figures of shift differentials vary from 6 cents per hour in Albany, Ga., to 64 cents at Biloxi, Miss.

Often an area bordering another area will be completely out of any reasonable comparison.

Biloxi, Miss., as compared to other Mississippi areas of 12–15 cents is an example. Seattle, Wash., at 54 cents compared with Spokane, Wash., at 12 cents is an example.

We favor a standard 10 percent for the hours of 6 p.m. until 6 a.m. as is now the procedure for Government general schedule employees.

I ask that your committee put into law the standard 10 percent differential, and that is easier for management to calculate for the budget, rather than changing a rate in the middle of two different shifts, at shift 2 and 3.

The next item I consider very important is the reaffirment of the Monroney amendment.

It presents many problems. We need some guidelines and clarification of area qualification for application of section 4 of Public Law 90–560.

The Monroney amendment has been applied in a few areas. The Comptroller General's decision that for an area to qualify for application of the out-of-area survey there must be 1,000 persons working in one dominant industry that has not been surveyed or 25 percent of the entire CFWS employees working in the area must work in one dominant industry not surveyed within the area, is not adequate nor equitable.

I feel, however, this was not the full intent of the law. We have learned that part time and temporary employees are also included either for or against the area depending in what fields they are employed.

It is also possible to have 45 percent of the CFWS employees in two dominant industries—aircraft and missile—and yet not qualify to go out of the area. A few areas have qualified and have done well such as Oklahoma City, Macon, Ga., and Utah.

These are large areas of over 1,000 people working in aircraft as a dominant industry so they qualify but the smaller areas by a vast majority do not qualify. In better than 50 percent the Monroney amendment has not been applied.

Originally the Monroney amendment was supposed to solve our problem. Equal pay for equal work, and the fact is that the Congress passes a bill, and it is rejected by the agency that has to apply it.

First it was drawn, and then they went for a decision from the Comptroller General that got the applicability to put this into a status, and I have gone into this subject of qualifying.

Feasibly, you could have two different dominant industries, and you would not qualify, because you did not have 25 percent in one field.

In Montana we have 1,600 Federal wage people. We have approximately 300 in aircraft. We have 600 part-time people out of the 1,600. They work for the Forest Service, and it is summertime mostly. In March they have a great deal of part-time workers to make up 1,600. It is impossible to find 25 percent that work in either aircraft or missile, so I would ask that you put into any bill that you write some clarification of the Monroney amendment in terms of specifications to qualify an area or to qualify a dominant industry, such as aircraft.

A possible solution, one that is recommended in my testimony, would be 50 employees in that dominant industry, and it is not surveyable within the area, that dominant industry will qualify and out of area rates established for all persons employed in that dominant industry within the given area.

If there is a dominant industry, with 25 percent of the people working in the area, that is not surveyable, and that means that every coordinated Federal employee gets it, whether his job is surveyed in the area or not.

The association requests another addition to any wage reform bill that passes this committee.

This is a standardization of overtime pay for CFWS employees.

National Guard technicians are excluded from overtime pay by Public Law 90–486.

I discussed the matter of standardization of overtime pay for CFWS employees with the Civil Service Commission, with people there, and they advised me they considered it a discrepancy in the law, to put a device in the Civil Service statutes, where they stated overtime would not be paid, and you would be granted compensatory time for any additional overtime work.

Mr. MINTON. Do you people actually get that compensatory time?

Mr. REAGOR. For the most part we get compensatory time.

As Mr. Paterno stated, they just come up with a program that to work now, that the people must work as high as 60 hours a week for 60 hours of straight pay.

Actually, if you——

Mr. MINTON. If you worked 60 hours a week for 4 weeks, you are entitled to 80 hours of compensatory time.

Mr. PATERNO. In this particular instance, they have made a special dispensation.

Mr. MINTON. You work 60 hours a week for 4 weeks, and you would be entitled to 80 hours of time off, which is 2 weeks.

How are you going to get 2 weeks off, if you are working 60 hours a week?

Mr. REAGOR. At the end of 60 days you lose any compensatory time.

Mr. MINTON. The law says the Secretary shall give you the compensatory time off, and if he is not, why are you not in a court of claims?

He is not complying with the law. It says notwithstanding any other circumstance, they shall be granted an amount of compensatory time off. It is not that they may or ought to be.

Mr. PATERNO. Under normal circumstances they get compensatory time off, which has turned out to be quite a drain on the program, because then you do not have adequate people to perform your program, but right now they have a special emergency program going on where they have to refit certain types of jet engines, because they had a failure in this type of engine for a special reason, so there is nothing they could do, knowing that they could not get 80 hours off at the end of 4 weeks, and still have a work force, in this particular case they have ignored Public Law 90–486, and they are paying straight hourly time. They are not paying them time and a half. They are paying straight hourly time. I know of no justification of the law for them to do that, but in this instance they are not paying any extra.

The CHAIRMAN. I think it would be easier to pay them time and a half than to try to adjust it in compensatory time.

Mr. PATERNO. It would be much easier, and I told the Deputy Assistant Secretary of Defense this.

Right now they can be very loose and easy the way they manage employees, because it is not costing them anything in their budget.

The budget is the best managerial piece of discipline you have.

The manager himself is forced to live within his budget, and he will find some way to get the work performed within that framework, but

at this time he is not obliged to follow the budget, but the discipline item is the best thing you have got, to keep the manager efficient and honest.

I believe that the use of compensatory time is completely inadequate for the purposes of the Government, and I believe it is a terrible managerial tool to put in the hand of managers.

Mr. REAGOR. I might say we were operating under the compensatory time system, and we operated under the wage board system also, and I had a commander from another base say that he flushed 16,000 man-hours of compensatory time down the drain.

It is not very far away from our home, Senator.

While this association agrees that additional step increases, standardized shift differential and reaffirment, with clarification of the Monroney amendment are of an immediate need to CFWS employees.

We believe that the main issue is being evaded. The problem is this, "We are not receiving proper surveys in many areas."

There are approximately 140 wage areas, each of which conducts some sort of survey annually. A complete thorough one is required every other year. Personnel assigned the duty to perform and conduct these surveys do it as an additional duty, not as full-time wage survey experts.

In many areas it is time consuming and either the individual neglects his full time job or the survey duties. The end results may be proven by a look at the various wage area pay scales.

For example: A machinist at Orlando, Fla., earns $37.60 per week (94 cents an hour) less than an equal graded machinist 30 miles away at Cocoa Beach, Fla.

These two areas touch each other and are separated by a county line. The extremes become more evident with distance. The machinist in Las Vegas, Nev., earns $72 per week ($1.80 per hour) more than an equal graded machinist in Portland, Maine.

Alaska to Puerto Rico are absolute extremes but not a realistic comparison. Is this equal pay for equal work? How can such problems be resolved?

This association believes that a true reform bill would reform the present unfair system to a realistic pay system.

We concur that the law does need to be changed. The chairman mentioned that there is no law.

The following changes would be a start:

a. Reduction of the number of wage areas from present figure to a maximum of 15. This will prove to be economical by reduction of 140 surveys to 15 per year.

It will relieve lead agency personnel to perform their full time assigned duties. We believe management would find this recommendation quite acceptable.

How to divide the country into 15 areas would pose little problem. One solution that may be considered would be the civil service regions with the addition of certain special areas such as Mt. Charleston, Nev.

Presently, Florida has eight different wage areas.

Is this reasonable?

b. An office should be established in each of the areas having full-time employees for the purpose of conducting the area survey, keeping

track of CFWS employees within the area as to number and duty assignment and to serve as experts in wage questions and problems.

This would be an expense, but a justifiable expenditure. We believe it would give both management and labor a centralized location to consider wage problems of the area.

We know that it would be proper to have the various associations of the area assist and coordinate in the accomplishment of the area survey and ask that this be included.

c. Establish the criteria of "jobs to be surveyed" on those performed by the CFWS employed in the area. Present procedures are to survey a representative group of occupations which include janitor (light), janitor (labor), laborer (heavy), packer; helper (trades), warehouseman, fork lift operator, truck driver (light), truck driver (medium), truck driver (heavy), carpenter, painter, electrician, auto mechanic, sheet metal worker, pipefitter, welder, machinist, tool and die and gage and pattern maker.

A few additional occupations may be surveyed if there are significant CFWS employees in that work.

The word significant has not been defined in terms of numbers or percentages.

The above list in no way includes aircraft, missile, weapons, electronics, or radar technicians.

Further, the industries surveyed in many areas are not involved in these particular types of work.

However, these technicians are compared with the above list of jobs. The fallacy of this system may be seen by study of the aircraft field.

A check of largest airline contracts show that an average A. & P. airline mechanic earns $5.28 per hour. In this I use Pan American, Eastern, United, and one other.

A WG–10, step 3, is the comparable CFWS employee by grade and experience. The average of all areas in the United States including Alaska ($7-plus per hour) and Puerto Rico ($2.77 per hour) for the WG–10–3 is $4.41 per hour. This is over $1,600 per year less.

Other trades are even more ridiculous but civil service policy forbids surveying contractors because they are part-time workers.

I am speaking of the building trades. I might mention that I checked what we use for a figure in Montana, and it is the same there.

This does not make sense. They use the part-time Government employees in their count against an area qualifying for out of area survey. In this day of computers it would not be too difficult to survey every occupation, but to be realistic if the dominant industry positions of the CFWS were surveyed and pay scales derived from that information, I sincerely believe you gentlemen would receive fewer complaints from the CFWS people that you represent if the above recommendations were implemented.

They may not work all year, and yet they use a part-time worker against us when they are considering whether or not we can qualify for the area program.

This is an inequity. I just think that it is a very poor system in every way. This does not make sense.

Too often unions don't agree on what is needed or we move in different directions with an eventual stalemate leaving the workers that we represent with limited benefits. This is not our intent and if a

transition as we have proposed is too extreme, we do not want to delay any benefit to the deserving CFWS employees of this country.

We do ask that you give consideration to these recommendations. I sincerely believe these proposals would establish effective solutions to the wage board system problems such as how to administer the Monroney amendment, what can be done to provide equal pay for equal work, why has the wage grade employee fallen behind his other Government counterparts, and what would it take to resolve this dilemma.

We thank you for taking interest in this problem.

Thank you very much.

The CHAIRMAN. I want to assure you the committee will consider very carefully your recommendations.

Thank you very much.

The committee will reassemble at 10 o'clock tomorrow morning to hear the Assistant Secretary of Defense.

(Whereupon, the meeting was adjourned at 3 o'clock p.m., scheduled to reconvene at 10 o'clock a.m., April 30, 1971.)

(The following correspondence was subsequently sent to the committee for insertion in the record:)

SERVICE EMPLOYEES INTERNATIONAL UNION,
Washington, D.C., April 30, 1971.

Hon. GALE W. MCGEE,
Chairman, Post Office and Civil Service Committee, Old Senate Office Building, Washington, D.C.

DEAR SENATOR MCGEE: S. 231, the Wage Board Bill, is strongly supported by Service Employees International Union, AFL–CIO. We are particularly pleased to see that non-appropriated fund employees are covered in this bill, as they were in the bill passed in the 91st session.

These employees and the employees of the VA Canteen service have not been able to be paid at rates comparable to other blue collar employees because they have been kept out of the Coordinated Wage System. They will benefit by coverage of this system and we request that they be kept in this bill.

Our local unions have had a very difficult time in trying to secure proper wages for those members in non-appropriated fund activities. We hope that you will soon report this bill which includes coverage for these employees.

We respectfully ask that you include this letter as part of the official record of hearings on the wage board bills.

Sincerely,

DAVID SULLIVAN,
General President.

NATIONAL MARITIME UNION OF AMERICA,
New York, N.Y., May 7, 1971.

Hon. GALE W. MCGEE,
Chairman, Post Office and Civil Service Committee,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: We attach hereto our statement on S. 231.

Our statement is directed specifically to Section 5348(b) of the bill.

We, however, endorse the statement of the Government Employees Council with whom we are associated in their endorsement and suggested amendments of S. 231.

We respectfully request that our statement be made a part of the record.

Sincerely,

JOSEPH CURRAN, *President.*

Enclosure.

The National Maritime Union of America, AFL–CIO, represents over 8,000 employees employed in the Panama Canal Zone, most of whom are employed

by the Panama Canal Company. A considerable portion of these members perform their duties aboard floating equipment owned and operated by the Panama Canal Company or aboard vessels transiting the Panama Canal. These employees have a vital interest in Section *5348(b)* of the bill now being considered by this Committee which is presently codified at 5 U.S.C. § 5342(b). This statute provides:

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

It is the position of NMU that under the spirit and intent of the Treaty of Mutual Understanding and Cooperation entered into in 1955 with the Republic of Panama and the statutes enacted by Congress pursuant thereto, as well as the legislative history of the statute here under consideration, Section *5348(b)* of the proposed bill should be amended to read as follows:

"The pay of officers and members of crews of vessels excepted from chapter 51 of this title by section 5102(c)(8) of this title and vessel employees of the Panama Canal Company shall be fixed and adjusted from time to time as nearly as is consistent with the public interest in accordance with prevailing rates and practices in the maritime industry."

The Panama Canal Company admittedly applies a double standard of pay for its vessel employees who are U.S. citizens and for those who are Panamanian citizens. Thus, in a recent case tried before the United States District Court for the District of Columbia,[1] the Panama Canal Company stated in answers to interrogatories:

"Defendant does not exercise its discretionary authority under § 5342(b) with respect to all categories of employees who perform duties aboard vessels . . . The payfixing practice that the defendant follows with respect to its vessel employees for whom the source of recruitment is the Republic of Panama rather than the United States is to establish their compensation in relation to rates outside the continental United States."

Since the supervisory positions aboard Company vessels are recruited from the U.S. and the non-supervisory positions are recruited from the Republic of Panama, the U.S. Officers are paid in accordance with maritime pay practices, while the Panamanian crew members are paid the minimum wage prescribed by the Fair Labor Standards Act.[2] Moreover, in its testimony presented to the Court in the *Bennett* case referred to above the Company clearly stated that it has never even attempted to apply maritime pay practices to those vessel employee positions which are recruited from the Republic of Panama.

We submit that this double standard presently being applied by the Panama Canal Company in administering 5 U.S.C. 5342(b) runs squarely athwart the principle of uniformity established by the Treaty of 1955. A memorandum of understanding attached to that Treaty established this principle with the following language:

"(a) The basic wage for any given grade level will be the same for any employee eligible for appointment to the position without regard to whether he is a citizen of the United States or of the Republic of Panama."

* * *

"The agencies of the United States Government will evaluate, classify and title all positions in the Canal Zone without regard to the nationality of the incumbent or proposed incumbent."

Thereafter, Congress enacted the Canal Zone Wage and Employment Practices Act of 1958, Pub. L. 85–550, 72 Stat. 405–11 which clearly set forth this principle of uniformity at Section 6 which provided:

"Sec. 6. The employment standards established under Section 5 of this Act *shall be applied uniformly* within and among all departments to the respective positions, employees . . . and individuals under consideration for appointment to positions, irrespective of whether the employee or individual concerned is a citizen of the United States or a citizen of the Republic of Panama." (Emphasis supplied.)

When the Canal Zone Code was revised to supplant the Act of 1958,[3] the principle of uniformity was carried over at 2 Canal Zone Code § 145, as follows:

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[1] *Bennett* v. *Panama Canal Company*, (Civ. Action No. 1891–68). In that case the Court found it unnecessary to rule on whether or not 5 U.S.C. § 5342(b) has mandatory effect.

[2] 29 U.S.C. § 218(b) provides that wage board federal employees are required to be paid the minimum wage rates set forth in the FLSA.

[3] This revision was enacted as Pub. L. 87–845, 76 A. Stat.

"The established employment standards and rates of basic compensation established pursuant to § 143 and 144 *shall be applied uniformly*, irrespective of whether the employee or individual concerned is a citizen of the United States or a citizen of the Republic of Panama." (Emphasis supplied.)

Clearly, the Panama Canal Company is not establishing uniform employment and compensation standards, regardless of citizenship, when it treats U.S. "vessel employees" at one standard and Panamanian "vessel employees" in a much lower standard.[4] The Company argues that it does not apply a double standard since it would pay a U.S. citizen the same rate received by a Panamanian citizen if a U.S. citizen happened to hold a position normally recruited from the Republic of Panama. This argument, however, has no practical application and is an exercise in cynicism since U.S. citizens are simply never employed in the type of position which is recruited from the Republic.

By amending Section 5348 of the proposed bill to provide that "vessel employees of the Panama Canal Company '*shall*' be paid in accordance with maritime pay practices . . ." Congress will be guaranteeing that the Panama Canal Company will no longer be able to flout the obvious intent of the Treaty of 1955 and the enabling statutes cited above. The clear mandatory impact of the word "shall" would require the Company to apply maritime pay practice standards to all its vessel employees regardless of citizenship.

Moreover, we submit that the history of 5 U.S.C. § 5342(b) clearly demonstrates that it has always been the intention of Congress to *require* that vessel employees of the Panama Canal Company be paid in accordance with maritime pay practices so that the substitution of the word "shall" for the word "may" in Section 5348 of the proposed bill would merely be a clarification of Congressional purpose which apparently was lost when Title 5 of the United States Code was revised in 1966.

The present Section 5342(b) of Title 5 U.S.C. was enacted as part of the general revision of that Title in 1966. However, "Like all revision legislation, the enactment of Title 5 into positive law did not involve substantive changes in the law . . ."[5] Accordingly, whatever force was had by the statutory predecessors to 5 U.S.C. § 5342 still remains intact.

As originally enacted, 5 U.S.C. § 5342(b) was Section 606 of the Federal Employees Pay Act of 1945, Pub. L. 106, 59 Stat. 304. That statute provided:

"Employees of the Transportation Corps of the Army of the United States on vessels operated by the United States, vessel employees of the Coast and Geodetic Survey and vessel employees of the Panama Railroad Company[6] may be paid in accordance with the wage practices of the maritime industry."

Section 102(d) of that Act (now 5 U.S.C. § 5541(2) (xii)) also made reference to the above-described class of vessel employees by providing, *inter alia*, that aside from Sections 606 and 607, the Act was not applicable to such vessel employees. By so doing, Congress exempted "vessel employees" from receiving the overtime and differential benefits paid shoreside federal employees.

In 1946, Congress added "vessel employees of the Department of the Interior" to Sections 606 and 102(d) in the obvious effort to bring all federal employees who were employed aboard vessels under the coverage of the statute.

Since these vessel employees were not covered by any other wage or overtime legislation, the conclusion seems inescapable that despite the use of the word "may" Congress intended these vessel employees to be paid in accordance with maritime industry wage practices. There simply was no other statutory method by which they could have been paid.

Then came the Classification Act of 1949, Pub. L. 429, 63 Stat. 955, the purpose of which was to provide a plan for classification of government positions which would foster the legislative policy of providing equal pay for equal work.[7] However, Section 202(8) (5 U.S.C. § 5342(a)) of that Act provided that the Act was not applicable to vessel personnel by stating:

"Sec. 202. This Act shall not apply to—

* * * * * * *

(8) Officers and members of crews of vessels whose compensation shall be fixed and adjusted from time to time as nearly as is consistent with the public

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[4] Manifestly, the minimum wage level set forth in the FLSA is far below the wage standards established in the U.S. maritime industry.

[5] See Explanation at Page V of 5 U.S.C.A.

[6] The term "Panama Railroad Company" was changed to "Panama Canal Company" when that entity succeeded the Panama Railroad Company, 64 Stat. 1038.

[7] See 5 U.S.C. § 5101.

interest in accordance with prevailing rates and practices in the maritime industry."

Sec. 202(20) also excluded the Panama Railroad Company, later the Panama Canal Company, from the application of the Classification Act.

The House Report for the Classification Act of 1949 commented on the exclusion of vessel personnel, as well as other groups, as follows:

"The major prevailing rate groups excluded from the bill are those mentioned in paragraphs (7), and (8) and (9) of Section 202. These are trades, crafts, and labor employees, and officers and members of crews of vessels." [8]

In short, "prevailing rate" personnel, whose pay was to be fixed in relation to private rates, were excluded from the Classification Act since provision had already been made elsewhere for their method of pay. Significantly, when Congress enacted Section 202(8) of the Classification Act of 1949 (5 U.S.C. § 5342 (a)), it did not revise, repeal or in any way alter Section 606 of the Federal Employes Pay Act (5 U.S.C. § 5342(b)) which, as previously noted, provided that federal vessel employees, including Panama Canal Company vessel employees, *may* be paid in accordance with maritime industry wage practices. Since Congress left both statutes standing, one saying "may" and the other saying "shall" on precisely the same subject, it must be concluded that Congress intended Section 606 (5 U.S.C. § 5342(b)) to be mandatory, since Section 202(8) of the Classification Act (5 U.S.C. § 5342(a)) was clearly restating what Congress felt was already law.

It must be remembered that the purpose of the Federal Employees Pay Act is (1) to *fix* the rates of pay for graded positions and (2) to provide a system of pay for ungraded positions, including vessel personnel, with the expressed legislative intent of maintaining the level of pay for these ungraded employees at rates comparable with private industry for the same levels of work.[9] On the other hand, the Classification Act's purpose was not to fix rates of pay, but rather to grade positions. Accordingly, any affirmative language in the Classification Act which, as Section 202(8) (5 U.S.C. § 5342(a)), deals with fixing of rates of pay for vessel personnel must have been derived from Section 606 of the Pay Act of 1945 (5 U.S.C. § 5342(b)) which *preceded* the Classification Act of 1949. It thus follows that since the language of Section 202(8) (5 U.S.C. § 5342(a)) clearly states that officers and members of crews *shall* be paid in accordance with maritime industry rates, Congress must have understood and intended Section 606 (5 U.S.C. § 5342(b)) to have the same effect. This interpretation of Section 606 (5 U.S.C. § 5342(b)) is on all fours with the express legislative policy that "Federal pay rates be comparable with enterprise pay rates for the same level of work." [10]

In sum, we urge that this Committee amend Section 5348 of the proposed bill, as proposed by us, so as to enable vessel employees of the Panama Canal Company to receive the same pay treatment as other federal vessel personnel. Such an amendment would be in accordance with the Congressional Policy, as set forth in Section 5341(1) of the proposed bill, of providing "equal pay for substantially equal work for all employees who are working under similar conditions of employment . . ." *There is simply no justifiable reason for treating Panamanian vessel employees employed by an instrumentality of the United States differently than U.S. vessel employees.* Only Congress has the power to cure this deplorable situation and we submit that the amendment proposed by NMU would effect that cure.

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[8] H.R. No. 1264, 1949 U.S. Code and Cong. Service, p. 2368.
[9] See 5 U.S.C. § 5301.
[10] 5 U.S.C. § 5301(2).

WAGE BOARD LEGISLATION

FRIDAY, APRIL 30, 1971

U.S. SENATE,
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
Washington, D.C.

The committee met, pursuant to recess, in room 6202, New Senate Office Building, Gale W. McGee (chairman) presiding.

Present: Senator McGee.

Staff members present: David Minton, staff director and counsel; Clyde DuPont, minority counsel; Richard G. Fuller, and Dan Doherty, professional staff members.

The CHAIRMAN. Good morning.

The committee will come to order.

We resume our hearings on the proposed wage board legislation. Our witness this morning is the Honorable Roger T. Kelley, Assistant Secretary of Defense for Manpower and Reserve Affairs.

You may proceed, Mr. Secretary.

STATEMENT OF HON. ROGER T. KELLEY, ASSISTANT SECRETARY OF DEFENSE, MANPOWER AND RESERVE AFFAIRS, ACCOMPANIED BY CARL CLEWLOW, DEPUTY ASSISTANT SECRETARY, CIVILIAN PERSONNEL POLICY; AND RAYMOND J. BRAITSCH, DIRECTOR OF WAGE SYSTEMS

Mr. KELLEY. Thank you, Mr. Chairman.

With me at the table are Mr. Carl Clewlow, Deputy Assistant Secretary for Civilian Personnel Policy of the Department of Defense, and Mr. Raymond J. Braitsch who is chief of the technical staff, Department of Defense Wage Fixing Authority.

Mr. Chairman and gentlemen, I appreciate the opportunity to appear before your committee and to present the views of the Department of Defense on S. 315 and other bills which would establish a compensation system for wage employees. The Department of Defense had 430,000 wage employees paid from appropriated funds on June 30, 1970, approximately 80 percent of the Federal Government's blue-collar employees. They represent a significant part of our total civilian employment in depots, arsenals, shipyards, and airbases located throughout the world. The annual payroll cost within the Department of Defense for these employees amounts to approximately $3.5 billion dollars. Any legislation affecting this large and important segment of our civilian work force is therefore a matter of major concern to us.

Chairman Hampton has provided comprehensive testimony to this committee on the Civil Service Commission's views on blue-collar wage

legislation. We share his opposition to the bills being considered and wish to aline the Department of Defense with the type of wage program he has proposed for this committee's consideration.

Many negative things have been alleged to the Department of Defense about its views on the several wage bills considered by the 91st Congress. Let me set the record straight. The Department of Defense favors appropriate pay raises for all of its members, including, of course, blue-collar employees. Further, the record is that blue-collar employees have not been neglected in respect to pay raises.

Every week of the year we are approving appropriate and, in many cases, significantly large increases in pay for these employees through the operation of the coordinated federal wage system. The average increase was 9.2 percent in fiscal year 1969; 8 percent in fiscal year 1970; and through December 1970, the rates advanced at the projected annual average of 8 percent in fiscal year 1971. These increases have far exceeded the advance of the Consumer Price Index which rose 13.9 percent from July 1968 through December 1970.

The CHAIRMAN. I am not sure I understand that. We are addressing ourselves to the matter of the blue-collar workers being brought up to comparability. I did not think anybody was quarreling with the cost of living. The cost of living isn't one of the factors, is it, in the pending legislation? Some would hope that it might be written in there in some way to allow for that, too. But the issue is not how much these blue-collar workers have been increased per year, percentagewise, but where they are now in comparison to comparability. I would think that would be the point to address yourself—perhaps you do a little later on—to the position of the blue-collar groups.

Mr. KELLEY. We are not quarreling with the cost-of-living comparison, Mr. Chairman. We think, however, it is a proper point of departure in establishing the adequacy or, as you say, the comparability of blue-collar wages paid under coordinated Federal wage system as compared with their counterparts elsewhere.

The CHAIRMAN. You assume they started when the adjustments were being made at some level of comparability, and I think that is the first fallacy. I fail to see the relevance here, and I would hate to have the record stand with the suggestion that somehow you had been taking care of the problem of the wage discrepancies between the Wage Board employees and the others. Cost of living is not the problem; it is one of the fringe attributes of the problem that would keep us from falling behind, if we ever caught up.

Mr. KELLEY. Nor do we contend that a comparison cost of living standing by itself is determinant of the adequacy of the wages paid under the coordinated Federal wage system. I will not burden the point further. We simply make the point in passing, and we think it is appropriate that the point be made.

The CHAIRMAN. I was struck by that sentence; it just struck me as being irrelevant.

Why don't we proceed?

Mr. KELLEY. All right, sir.

"All-industry" wage gains reported by the Bureau of National Affairs (BNA) for calendar year 1970, based on over 2,800 labor agreement settlements, averaged 27.7 cents an hour. The coordinated

Federal wage system increases for the same period averaged approximately 30 cents an hour. This gain for Federal blue-collar employees is all the more favorable when you consider that the all-industry figure includes construction and printing and publishing industry groupings which are excluded from the coordinated Federal wage system surveys, and which individually reported higher average increases than the all-industry amount.

Mr. MINTON. May I ask you, Mr. Secretary, was the all-industry wage gain report used as the basis for setting the Federal wage, or is it just a report? I mean, how do you come up with a 30-cent gage for the Federal employees if the average used was 27.7? What is the relationship between the two percentages?

Mr. KELLEY. I didn't catch the last part of your question.

Mr. MINTON. What is the relationship between any wage set under the coordinated Federal system and the BNA report for 1970? Is there a relationship?

Mr. KELLEY. May I address myself to the first part of your question. Were these BNA data used in determining wages under the coordinated Federal wage system? Of course, they were not. The relationship between wages paid as reported by BNA and wages paid under the coordinated Federal wage system is of course that the wages paid in over 2,800 labor agreements in the private sector would have an influence on the prevailing rate within communities throughout this country, and to that extent and only to that extent is it a relevant comparison.

Mr. MINTON. How do you account for the difference, or do you?

Mr. KELLEY. How do I account for the difference?

Mr. MINTON. Yes. If you have 2,800 union agreements here, how come the Federal employees are getting more on the average than the union agreements, particularly when you are including construction and printing and publishing rates in the BNA report?

Mr. KELLEY. One of the factors which has inflated the wage level paid under the coordinated Federal wage system is the Monroney provision with which the Department of Defense disagrees because it is a departure from the prevailing rate principle.

Mr. MINTON. And that would have that much of an impact within the whole program?

Mr. KELLEY. No, sir; I don't say it would have that much of an impact, but certainly it had an impact. I can't precisely account for the difference between the 30-cent-per-hour average and the 27.7-cent-per-hour average. The point of the comparison is that by that comparison which is a substantial one, the coordinated Federal wage system compares favorably with the private sector.

May I go on, Mr. Chairman?

The CHAIRMAN. Yes, proceed.

Mr. KELLEY. Substantial wage increases, not included in the percentage increases for these 3 fiscal years, were received by certain groups of wage employees. Laundry, food service, and custodial employees, previously paid rates oriented to these industries, were placed on the regular wage schedules by special authorizations associated with the coordinated Federal wage system. Employees in Chicago, for example, who had been paid from laundry schedules, received an average

increase of 83.8 cents per hour, or 38.7 percent. Many employees received increases over $1 per hour.

The CHAIRMAN. This is the same kind of setting we found ourselves in with the Chairman of the Civil Service Commission yesterday. We are stressing the percentage. What was the level at which it began? In other words, what were they receiving in reaching a jump of 83.8 cents per hour, or 38.7 percent? See, somebody starting from 1 cent an hour could have a fantastic percentage increase in pay and still starve to death.

Mr. KELLEY. That is correct, Mr. Chairman. The only reason for this particular insert was to disabuse earlier testimony furnished your committee that these special increases were included in the percents of increase that I earlier reported to you for fiscal years 1969, 1970, and 1971. We recognize that the mechanism for increasing the rates and the resulting increases in rates of pay for laundry, food service and custodial employees were by special arrangement to meet a special need but those increased amounts were not reflected in the percentage increases of 9.2 percent, 8 percent and 8 percent for fiscal years 1969, 1970, and 1971, respectively.

The CHAIRMAN. I think it might help then to clarify the record here if we could insert at this point in the record what it is those employees were in fact being paid, at what rate, before we start interpreting the percentages there.

Mr. KELLEY. We have no objection to providing that information for the record. It is not relevant to the point we are making, however.

The CHAIRMAN. I think it would be relevant to some of those reading the record after the record hearing closes so that they can keep that also in perspective.

Mr. KELLEY. All right.

(The aforementioned material follows:)

Agency pay practices differed prior to July 1, 1968, when the Coordinated Federal Wage System implementation began. Veterans Administration and Department of Defense laundry worker rates were somewhat different until the transitional adjustment of April 1969 was made and uniform rates applied. The following two tabulations show the separate Veterans Administration and Department of Defense rate changes and cents per hour and percentage increases that resulted in April 1969. These rates were further increased in April 1970 and April 1971 as a part of the on-going Coordinated Federal Wage System.

VETERANS' ADMINISTRATION LAUNDRY WORKER RATE CHANGES, CHICAGO, ILL.

Laundry rate schedule effective: Apr. 21, 1968		Laundry workers transitional adjustment to regular schedule effective: Apr. 20, 1969			
Grade	Rate	Grade[1]	Rate	Increase	Percent
1	$1.72	1	$2.70	$0.98	57
2	1.78			.92	52
3	1.85	2	2.86	1.01	55
4	1.92			.94	49
5	1.98	3	3.01	1.03	52
6	2.11			.90	43
7	2.24	4	3.11	.87	39
8	2.37	5	3.20	.83	35
9	2.69			.51	19
10	3.01	6	3.39	.38	13

[1]Revised grades result from merging jobs from a 10-grade laundry classification plan to the regular 15-grade system.

DOD LAUNDRY WORKER RATE CHANGES, CHICAGO, ILL.

Laundry rate schedule effecfive: Pay period after Apr. 16, 1968		Laundry rate schedule transitional adjustment effective: Pay period after Apr. 15, 1969			
Grade	2d step rate	Grade [1]	2d step rate	Increase	Percent
1	$1.72	1	$2.70	$0.98	57
2	1.85			.85	46
3	1.98	2	2.86	.88	44
4	2.11			.75	36
5	2.24	3	3.01	.77	34
6	2.37			.64	27
7	2.50	4	3.11	.61	24
8	2.63	5	3.20	.57	22
9	2.76			.44	16
10	2.96	6	3.39	.43	15

[1] Revised grades result from merging jobs from a 10-grade laundry classification plan to the regular 15-grade system.

The CHAIRMAN. Go on with another example of extra wage gains.

Mr. KELLEY. Turning to the next page of my statement——

The CHAIRMAN. If you want——

Mr. KELLEY. If you wish for me to skip that point, fine.

The CHAIRMAN. It would be just as well and provide for the record that same relative data in regard to the Missouri case.

Mr. KELLEY. Fine.

(The aforementioned material follows:)

The Army-Air Force Wage Board, over a long period of time, conducted surveys of the Warrensburg-Sedalia, Missouri locality. The last schedule of rates produced by this agency wage system, prior to coverage under the Coordinated Federal Wage System, was placed into effect in December 1968. The Warrensburg-Sedalia wage area was abolished and incorporated into the Kansas City wage area. The Coordinated Federal Wage System was implemented for this area in January 1970. The following table shows the rate changes that occurred in January 1970 for step 2 employees in the non-supervisory grades at Whiteman Air Force Base located in the Warrensburg-Sedalia vicinity.

Former Warrensburg-Sedalia, Mo. wage schedule, Dec. 31, 1968 (step 2 of worker grade)		Kansas City, Mo. CFWS wage schedule, Jan. 8, 1970 (step 2 of worker grade)		
Grade	Rate	Grade	Rate	Increase
1	$2.29	1	$2.89	$0.60
2	2.45	2	3.06	.61
3	2.60	3	3.24	.64
4	2.76	4	3.41	.65
5	2.83	5	3.58	.75
6	2.98	6	3.75	.77
7	3.12	7	3.93	.81
8	3.27	8	4.10	.83
9	3.41	9	4.27	.86
10	3.56	10	4.44	.88
11	3.68	11	4.62	.94
12	3.79	12	4.79	1.00
13	3.91	13	4.96	1.05
14	4.08	14	5.13	1.05
15	4.25	15	5.31	1.06

Note: Overall average increase—0.833 cents per hour; 25.5 percent.

Mr. KELLEY. In certain areas there have been dramatic increases. From July 1968, through December 1970, significant increases resulted for the following areas:

Area	Percentage	Cents per hour
Champaign-Urbana, Ill	39	$1.44
San Francisco, Calif	25	.97
Topeka, Kans	28	.93
Cocoa Beach, Fla	30	1.19

Even the lowest paying areas received fair adjustments—Montgomery, Ala., received increases totalling 16 percent, $0.46 per hour; and Orlando, Fla., received a 20-percent average increase, $0.63, through the 2½-year period. None of these six areas qualified for the so-called "Monroney" rates which import wage data gathered from outside the basic wage area in disregard of the prevailing rate principle.

The five bills before this committee actually present three basic sets of provisions. S. 315, the chairman's bill, and S. 1086, Senator Spong's bill, while similar, vary in several important aspects. S. 231, Senator Moss' bill, is practically identical in content with S. 422 (Senator Burdick's) and S. 511 (Senator Harris').

All of these bills have certain principles with which we are in accord. We agree that there should be equal pay for substantially equal work; that the system should provide relative differences in pay when there are recognizable differences in duties, responsibilities, and qualification requirements among positions; that the level of nonsupervisory rates of pay should be maintained in line with prevailing levels of comparable work; and that the level of rates of pay should be maintained to attract and retain qualified employees. These same principles and policies are the bedrock of the Coordinated Federal Wage System now in effect.

These bills, however, have in common a number of provisions that are contrary to acceptable wage administration practices or are in conflict with the prevailing rate principle.

First, the bills provide for additional step rates for each grade of the wage schedule. Proposals include a 4-step plan with a 12-percent pay range within each grade (S. 315); a 5-step plan with a 16-percent range (S. 1086); and a 10-step plan with a 30-percent range (S. 231, S. 422, S. 511). We object to these proposals. I call your attention to the following extract from Bureau of Labor Statistics Bulletin 1660.91 (1969–1970) which shows the extent of single rate pay plans in industry.

The record will show that these are for 10 different labor markets: Philadelphia, Pa.; Pittsburgh, Pa.; Louisville, Ky.; Memphis, Tenn.; Richmond, Va.; Savannah, Ga.; Minneapolis-St. Paul, Minn.; Portland, Oreg.; San Francisco-Oakland, Calif.; and Spokane, Wash.

Mr. MINTON. Mr. Kelley, this is a point that needs clarification. What does this data really mean? This committee has not had information to interpret this kind of statistical data. For instance, what industries are included in this kind of information? What are these

rates? If you have a single rate, for instance, as you say in Philadelphia, of all industries, 55-percent pay a single rate, what is that rate? Is that the journeyman rate? Is that higher than, or substantially higher than, the rate at which the Federal Wage Board System eventually arrives at?

Secondly, when you say "firms with formal rate policies paying single rates," say in Detroit, Mich., we have a hundred firms and 99 of them pay a single rate. The only one that does not pay a single rate is the Ford Motor Co., which employs 500,000 workers. That is a hypothetical example but what does this mean? Is this all of them? Is this every kind of industry and one big employer actually has five steps or two steps or no steps or whatever it may be?

I wonder whether you could submit for the record, or if you could discuss extemporaneously, the meaning of this in terms of its impact on employment and the economy of these areas?

The CHAIRMAN. I would think in the interest of fairness that you might want to sort those out for the record and then conclude from them perhaps. It can be very complicated, we appreciate that fact. Whatever your preference is, Mr. Secretary.

Mr. KELLEY. Well, Mr. Chairman, first we will provide for the record a definition of the firms whose pay practices are reflected in these statistics, and to the extent it is available we will also furnish for the record, although you didn't ask me to, trends indicating whether trends of industries and trends of manufacturing industries are for fewer or for more step grades in their pay schedules.

As to the further question implied in your comment, the whole point of this is to show that with respect to the whole range of companies, industrial concerns and manufacturing concerns, that the tendency is for the majority of them to pay single rates of pay.

The CHAIRMAN. That is, the majority of them in numbers or the majority you see again in the areawide jobs picture? In other words, if there were a major employer that was not included, that could be a distortion of the prevailing procedure in that particular community and that was the reason I said this may get more complicated.

Mr. KELLEY. This purports to show only a percentage of the actual number, and obviously the numbers of employees employed by any one of those firms may vary widely. It is not a weighted average, it is a straight average.

We will provide such clarifying information for the record as is obtainable.

(The following material was subsequently supplied for the record:)

The cited Bureau of Labor Statistics Bulletin 1660.91 (1969–1970) shows a tabulation of ten labor market areas and data reflecting industry employment, the number of plant workers with formal rate plans and the number covered by single rate plans. The All Industry grouping includes manufacturing, public utilities, wholesale trade, retail trade, finance and services firms. Separate data are reflected for manufacturing firms. Incidentally, these data are those that are being updated by the Bureau of Labor Statistics and which will be furnished to the Committee in the near future by the Civil Service Commission as commented on by Mr. Jacobson during Chairman Hampton's testimony on April 29, 1971, before this Committee.

INDUSTRY STEP RATE DATA

Labor market area	All industries			Manufacturing		
	Number of plant workers in establishments	Number of plant workers with formal rate plan	Number of plant workers with formal rate plan having single rate	Number of plant workers in establishments	Number of plant workers with formal rate	Number of plant workers with formal rate plan having single rate
Philadelphia	469,255	361,326	197,087	302,181	232,679	132,960
Pittsburgh	272,023	171,374	116,970	183,175	98,915	82,429
Louisville	130,871	92,918	64,127	90,669	67,097	48,961
Memphis	115,655	80,959	64,767	51,816	44,044	40,935
Richmond	56,841	38,083	27,284	32,272	26,140	22,590
Savannah	19,872	14,109	11,128	11,818	11,109	9,809
Minneapolis/St. Paul	244,048	207,441	136,667	121,759	105,930	73,055
Portland	99,001	87,121	61,381	52,316	46,038	34,005
San Francisco/Oakland	224,532	206,569	168,399	86,514	81,323	76,132
Spokane	17,986	15,828	14,209	7,769	6,914	6,604

Mr. KELLEY. You will note from this table that the prevailing practice is to pay nonsupervisory trade and craft employees single rates. Add to these single rate data the firms paying two or three rates, and it is clear by any measurement that the present three-step plan of the Federal Government is on the liberal side of industry practice.

The number of step rates and the amounts of the increment between step rates established for the Coordinated Federal Wage System are a reasonable reflection of these findings on industrial pay practices. The majority of Federal blue-collar employees (76 percent) have advanced to the third or top step of the grade they occupy which places them 4 percent above the second step rate established in the Coordinated Federal Wage System as the prevailing rate. The bills proposing four- and five-step plans similarly designate the second step as the prevailing rate. This means that those in these proposed higher rates would be paid above the prevailing rate—the greater the number of wage steps, the greater the difference between the prevailing rate and the rate paid.

Some industries have rate ranges but our surveys reveal that employees don't cluster around the central point of the ranges. Rather, over a period of time, they tend to ascend to the top step. This results in these top rates being used to develop the prevailing or second step rate in the Government's step plan. It is obvious that the present pay system is generous and any extra steps would raise Government rates substantially above prevailing industry rates.

Therefore, the bills would have the effect of paying the majority of employees at rates from 8 to 20 percent above average prevailing rates. In the case of a 10-step plan, with the fourth step the prevailing rate, the first wage step (presumably the entry pay level) would be too low to be competitive, and the upper step rates would substantially exceed prevailing rates.

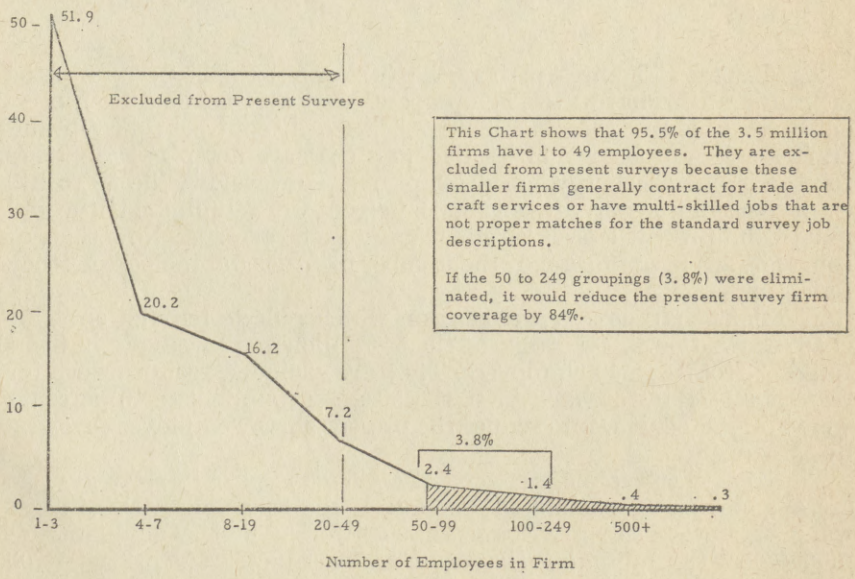
In summary, all of these bills provide additional steps which would force the rates paid Federal wage employees considerably above locality prevailing rates. These higher rates would be added to the increases above locality prevailing rates now required by the so-called "Monroney amendment." As you know, this statutory provision requires that a Federal activity go outside its locality, sometimes as far as a thousand miles, to pick up higher wage rates for certain jobs even though there is adequate wage data available in the area. The "Monroney amendment" has no fundamental support in industry practice and has proved to be extremely difficult to apply and administer. Its annual cost of over $60 million is unwarranted. There is absolutely no proper basis to add to this the cost of additional step rates not reflective of industry practice.

Second, several of the bills would restrict survey coverage to firms with more than 300 employees. This proposal overlooks the size makeup of American industry. I call your attention, Mr. Chairman, to two charts which reflect data on U.S. firms according to the Bureau of Labor Statistics size groupings.

(The two charts follow:)

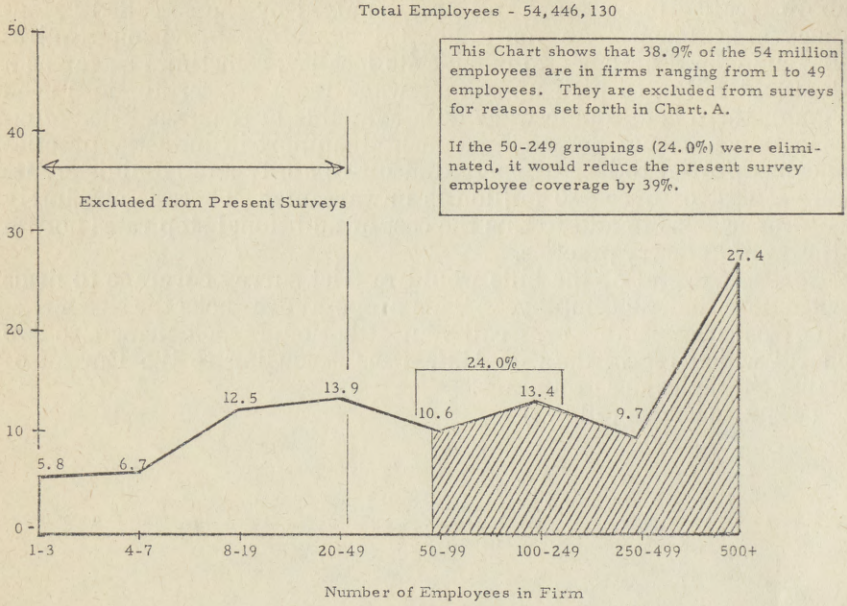
Percentage of Firms by Size Groups

(Source - "Department of Commerce County Business Patterns - 1968")
Total Firms - 3,503,453



Percentage of Employees by Size Groups

(Source - "Department of Commerce County Business Patterns - 1968")
Total Employees - 54,446,130



Mr. KELLEY. The first of these charts shows that 95.5 percent of the 3.5 million firms have 1 to 49 employees. They are excluded from present surveys because these smaller firms generally contract for trade and craft services or have multiskilled jobs that are not proper matches for the standard survey job descriptions. However, if the 50 to 249 employee groupings representing 3.8 percent were eliminated, it would reduce the present survey firm coverage by 84 percent. Now that, of course, is a representation of the number of firms and the percent they represent.

The next chart is a representation which reflects population. This chart shows that 38.9 percent of the 54 million employees are in firms ranging from 1 to 49 employees. They are excluded from surveys for reasons set forth in chart A. If the 50–249 groupings (24.0 percent) were eliminated, it would reduce the present survey employee coverage by 39 percent.

We have checked these effects, Mr. Chairman, in 18 specific wage areas under the Coordinated Federal Wage System. In these areas wage data were solicited from 11,800 firms having 50 or more employees. If the minimum size criterion was increased to 250—9,700 firms would be dropped—a loss of 82 percent of the survey potential. Such a move would largely invalidate the surveys as a reflection of prevailing rates.

Mr. MINTON. Let me ask you, Mr. Secretary, what is the relative size of the Federal Wage Board groups that you are comparing to these? In other words, if you are surveying a firm that has 50 or 100 or 1,000 employees in the private sector, what is the comparable size, generally speaking, of the Federal group?

Mr. KELLEY. We can furnish that information for the record. I don't see that it is relevant to the——

(The aforementioned information follows:)

Department of Defense wage employment varies from a single wage employee in some detachments to over 10,000 in major facilities such as aircraft overhaul depots.

1970 data related to 140 wage areas show the following breakout of Federal blue-collar employees by area size groupings:

47 areas—up to 999 employees.
71 areas—1,000 to 4,999 employees.
9 areas—5,000 to 9,000 employees.
13 areas—over 10,000 employees.

Mr. MINTON. The relevance that I would allege is that it would be irrelevant to compare a Federal activity at Tinker Air Force Base, with 17,000 employees to any activity in Oklahoma City with 50 employees. It is not a relevant activity. Now if there are 500 Federal employees, then sure, it should be compared to a private enterprise with 200 or 300 employees but not 50, not any more than you should do the reverse, that you should compare 50 Federal mechanics to 15,000 Ford Motor Co. mechanics.

Mr. KELLEY. Of course there is no argument under 50. Those under 50 are not being covered now. We are talking about the group of 50 to 249. The reason we think they should be included and comparisons made is because if the jobs in the Federal system and the jobs in the private system of companies having that many employees are comparable jobs, then the comparison is relevant. To exclude that 50 to 249 group from the comparisons and from the surveys would very substantially reduce the number of valid comparisons that can be made to the federal system, and that is the whole point.

Mr. MINTON. Would it not probably very substantially increase the average wage paid in an enterprise that has 300 to 500 employees rather than one that has 50 employees?

Mr. KELLEY. I would have no basis for believing that, no.

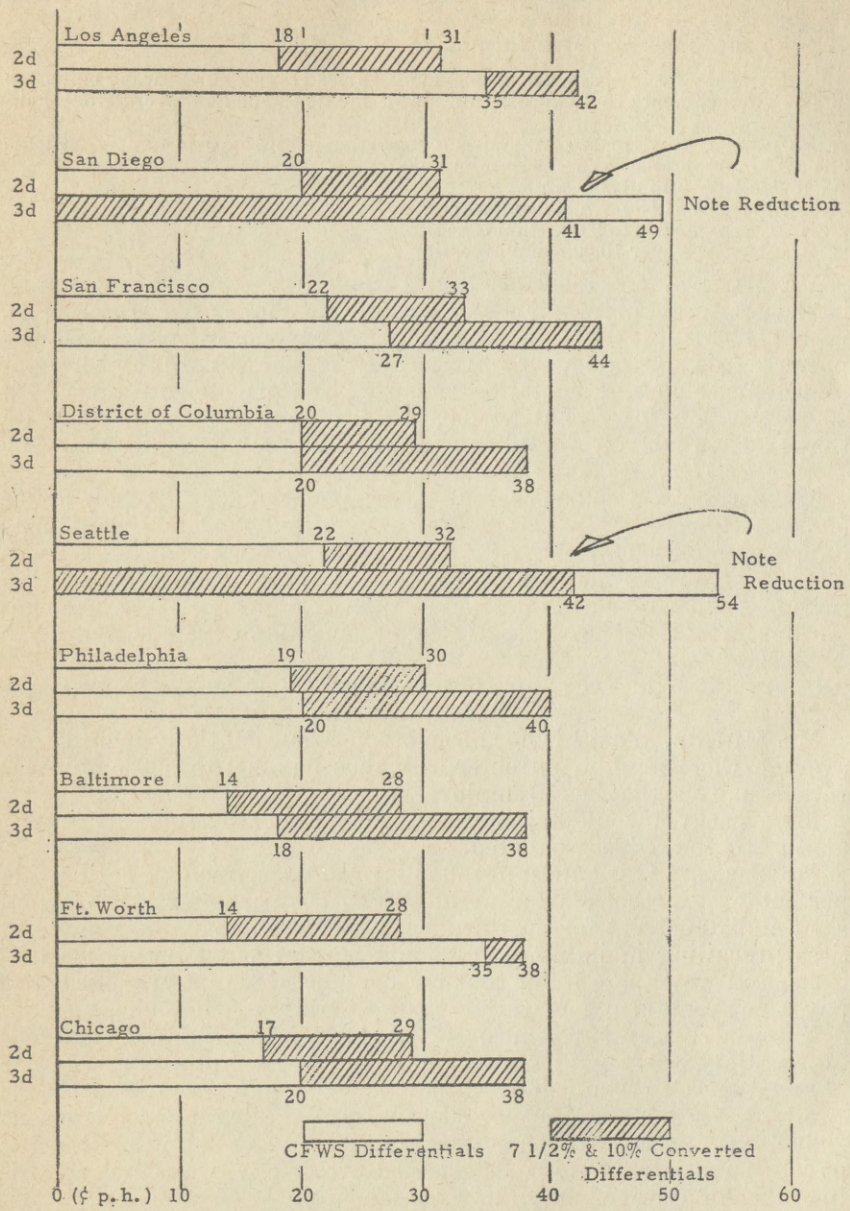
Mr. MINTON. I just wondered.

Mr. KELLEY. Third, most of the bills propose payment of nationwide percentage differentials for night work—7½ percent for the second shift and 10 percent for the third shift. This is a departure from practices prevailing in industry for trades, crafts and laboring occupations, and we oppose it for that reason. The prevailing practice is to pay a flat cents per hour rather than a percentage amount as a shift differential. General Accounting Office rulings have decreed that shift differentials, when paid under the wage system, are a part of basic pay and serve to establish overtime payments, influence life insurance coverage for appropriate periods, and are the basis for retirement deductions. Because of these fundamental relationships with basic pay, differentials should be determined within each wage area according to the practices of the industries that supply basic rate data.

The following listing of several wage areas identifies the shift differentials established by the Coordinated Federal Wage System survey method. For ease of comparison, 7½ percent and 10 percent differential amounts have been calculated based on the Coordinated Federal Wage System grade 7, step 2 rate for the respective areas. This presentation clearly shows the distortions that would result from a disregard of private industry practices in these areas.

(The chart follows:)

Shift Differentials - CFWS vs Proposals



Mr. KELLEY. The unshaded area, Mr. Chairman, represents the differentials payable under the CFWS system. The shaded areas represent the shift differential that would be paid on the basis of 7½ and 10 percent. You will note that in the majority of cases shown the

7½- and 10-percent approach would result in higher shift differentials but you will also note that in two cases, San Diego and Seattle, the percentage payment would result in a reduction of the present shift differentials paid under the prevailing rate principle of CFWS.

Mr. MINTON. What is the date of that period? Do you have any idea? I didn't see a date on it.

Mr. KELLEY. The current wage rates.

The CHAIRMAN. That is, that would be——

Mr. KELLEY. April 1, 1971.

The CHAIRMAN. That late?

Mr. KELLEY. Yes, sir.

The CHAIRMAN. All right.

Mr. KELLEY. Let me address briefly two of the charges made against the existing Coordinated Federal Wage System. First, it has been claimed that the wage employees have suffered by comparison with General Schedule employees in pay matters. Chairman Hampton's testimony gave clear evidence that the wage employees, as a group, have enjoyed greater increases than General Schedule employees over the time period from the 1940's.

The CHAIRMAN. That is, they have enjoyed higher percentage increases?

Mr. KELLEY. Sir?

The CHAIRMAN. Chairman Hampton showed that they enjoyed higher percentage increases.

Mr. KELLEY. I believe his testimony showed they received higher increases in cents per hour amounts.

The CHAIRMAN. Higher substantive increases or percentage increases?

Mr. KELLEY. Cents per hour and percentage both.

The CHAIRMAN. We have been doing nothing but running through numbers the last several days but it was my impression that it was——

Mr. KELLEY. I stand corrected, Mr. Chairman; it was an index.

The CHAIRMAN. Yes, which makes the point again that we are playing with numbers that may not tell the complete story; that if you start low enough, you can have a fantastic percentage increase. If you start at a higher level than the other group, your increases may be bound to be lower percentagewise. Those are not necessarily relevant comparisons unless you have other criteria by which to judge them.

Mr. KELLEY. Well, Mr. Chairman, we do not represent that any single point made constitutes the whole fabric of our argument.

The CHAIRMAN. No; but I contend that this is not a relevant comparison and does not belong in testimony unless it is accompanied by what the discrepancy was to begin with. We used to condemn the Soviets for playing this percentage game all the time—everything that occurred that was good in the country was 142 percent above last year, but we never found out what last year was and all this sort of thing. It does not give us a sharp profile of the problem in my opinion.

Mr. KELLEY. Mr. Chairman, if we came here and threw percentage figures at you without the basic structure of the coordinated Federal wage system and the several years experience we had had with it, I think that criticism would be entirely justified. We do have a system,

as has been pointed out, which provides for the establishment of rates under the federal system based on a comparison with prevailing rates in localities. Having that mechanism which insures that result, we think these comparisons on a percentage basis are relevant as a supplement to the system itself.

The CHAIRMAN. A blue-collar worker making, let's say, $4,000 at the end of the war has not been very high but say $4,000 getting his succession cost of living percentage adjustments that might total over the staggered period of 15 or 20 percent would have received a far different cost-of-living adjustment than the $20,000 a year supergrade who would have gotton the same cost-of-living adjustments. There is a wide gap between the cost adjustment there and the cost of living; that is, paying for food and clothing and housing would have been disproportionately adjusted to that case and I don't think that they should pass for wage adjustments in terms of the job position. I think we have that all mixed up here, don't we?

Mr. KELLEY. No, sir. I recognize your point and it is a valid point. The reason, however, that we are making the point we are here is because it has been alleged by others, in presenting testimony before your committee, that the blue-collar employees employed under the Federal system are lagging behind which is a relative charge and we rebut that relative charge which is fallacious by showing the relativity of wage increases received versus increases received by those not under the coordinated Federal basis.

The CHAIRMAN. But on a percentage basis?

Mr. KELLY. Yes, sir; which I think is relevant to the charge that they have been lagging behind.

The CHAIRMAN. Not if the cost of living as an illustration has overtaken the base from which you started in the lower group. Then it is still a serious indictment of the formula.

Mr. KELLEY. Well, if we want to get into cost of living, of course we can. You admonished me to dismiss cost of living as a benchmark for comparing or for establishing the adequacy of blue collar wages under the Federal system.

The CHAIRMAN. Well, as we know our estimates of what a minimum family income ought to be has rather sharply risen, particularly in the large urban areas over the past decade—longer than that, but to use that as a benchmark itself. If in these striking comparisons of percentages that after a laundry worker has been jumped 70 percent and he is still hanging on the fringe of even the minimal family wage, this is no vindication of the great percentage jump that he had. I think this gets back again to what we are groping for on this committee as the place where we ought to start in making this an equitable formula.

Mr. KELLEY. Yes, Mr. Chairman, but you see others who have appeared here have charged that we are taking credit for those extraordinarily large catchup increases for employees in such categories as laundry and food services and that these catchup increases are reflected in the average increase amounts which we identify with the coordinated Federal wage system. The reason that it becomes necessary for me to make these rebutal arguments is because those charges

are not correct. These extraordinary increases have not been included in the percentage increase amounts which I identify as the result of the coordinated Federal wage system. I think we have to set the record straight, not because we would initiate these arguments but rather because others have.

The CHAIRMAN. If we allow that for the moment, the fact remains that we have a half million blue-collar workers that are very unhappy. We have tried to examine the thrusts of that unhappiness. Somehow they don't square in the light of the very strong and often very impressive cases that have been presented, and it is that gap that we are trying to close.

Why don't you proceed here.

Mr. KELLEY. All right, sir.

The second charge that has been made is that the status of wage employees is sometimes described as dead end and lacking promotional opportunity. However, a large percentage of the nonsupervisors can reach the top levels of the 15-grade position structure. Forty-one percent of the Department of Defense wage grade employees are in grades WG–10 through WG–15 which pay, on the average, $9,000 to $11,000. Advancement opportunities are provided, too, by the separate leader and supervisor position categories which total 46,000 employees, 12 percent of the overall wage employee strength. Salary levels for these two categories progress to approximately $21,000.

You have received testimony that suggests that a concerted effort is under way to bring disproportionate dismissal of wage employees. These are the facts within the Department of Defense.

In June 1965, the low employment level point preceding the Southeast Asia buildup, the Department of Defense had 1,033,775 direct-hire employees; 547,122 of these were salaried employees; 486,653 were under the several wage systems. The wage system category represented 47 percent of the total Department of Defense employment.

The high level of employment with Southeast Asia was reached in July 1969 with a peak overall employment of 1,347,539. The wage system group had expanded to 557,712 which was 49 percent of the total.

By December 1970 the strength had declined to 1,151,743. The wage system total was still 30,753 over the 1965 figure. The salaried group in the Department of Defense had been reduced by 55,490 from July 1969. The wage system category is now 45 percent of total employment.

Typically, wage position employment increases during extensive combat operations when equipment and material needs are greater. The follow on adjustment necessarily reverses this trend. We do not view the percentage decline of wage positions as different from what has occurred steadily since the post World War II period when wage positions represented about 70 percent of Department of Defense employment. The larger proportion of white-collar occupations follows a similar transition within industry.

I now wish to address the subject of the wage system for employees of nonappropriated fund activities. These activities, at the direction of Congress, must be largely sustained by their own revenues and have as their purpose the provision of morale, welfare, and recreation programs for the Armed Forces.

The requirement that these funds be essentially self-sustaining places them in a different category from other governmental activities that are paid from funds appropriated by the Congress. Congress recognized this difference in title 5, U.S.C. 2105(c), which exempted these nonappropriated fund employees from all laws administered by the Civil Service Commission.

Employees working in activities paid by these funds deserve fair wages. Those wages should be competitive with the wages paid in the private sector for comparable work, such as in retail stores or restaurants. This wage principle is fair to the employees and fair to the servicemen who pay the cost of these goods and services.

Many of the bills under consideration by this committee would require these activities of nonappropriated funds to pay wages considerably in excess of those paid in the private sector. This neither is warranted in terms of fair wages for the employees involved, nor is it fair to servicemen. Since Congress requires the activities supported by these funds to be largely self-sustaining, it should not at the same time saddle them with a requirement to pay wages above those prevailing in counterpart industries.

Mr. MINTON. Mr. Secretary, may I ask you, in your surveys to establish the wages for these employees, do you include any service industries or stores which are not covered by the Fair Labor Standards Act?

Mr. KELLEY. Do we include any retail or service stores that are not covered by the Fair Labor Standards Act?

Mr. MINTON. The minimum wage.

Mr. BRAITSCH. Retail organizations are not included in our surveys.

Mr. MINTON. They are not included at all?

Mr. BRAITSCH. Were you talking about employees under the CFWS?

Mr. MINTON. The nonappropriated fund people.

Mr. KELLEY. We do include——

The CHAIRMAN. I have been listening to this last exchange. Now where did we come out?

Mr. KELLEY. Well, the question, Mr. Chairman, first of all was misunderstood. Mr. Braitsch answered the question in the context of the coordinated Federal wage system. Under the coordinated Federal wage system we do not include in our surveys any retail firms. The questioner, however, was referring, I believe, to the nonappropriated fund area.

The CHAIRMAN. Which is where we were in the testimony here.

Mr. KELLEY. Yes, sir; and I apologize for the error.

The surveys conducted in the nonappropriated fund area do include wages paid within retail establishments which are completely intrastate and not subject to the Federal Labor Standards Act. However, the constraint which is self-imposed within the system is that to the extent their wages are less than the minimum wage—the Federal minimum wage or the State minimum wage, whichever is higher—that we will not pay less than the minimum wage.

Mr. MINTON. So none of these people makes less than the Federal minimum wage?

The CHAIRMAN. Or than the highest minimum wage.

Mr. KELLEY. Yes.

The CHAIRMAN. Whether it be Federal or State.

Mr. KELLEY. Yes, sir.

In order to systematize the locality prevailing rate principle for the activities of the thousands of nonappropriated funds in existence in the Department of Defense, we are establishing a single wage-fixing authority which will conduct annual surveys and make annual wage adjustments based on locality rates in wholesale, retail, recreation and service activities. Legislation is not needed for this to happen.

If Congress feels it is necessary to address this subject, I recommend that it do so by enacting legislation which would require the Secretary of Defense and the Administrator of the Veterans Administration to maintain rates of pay for fund activities that are based on rates paid for comparable positions in retail, wholesale, recreational and service activities in the locality in the private sector. However, it would be neither necessary nor helpful to include the implementing procedures in the law.

According to preliminary estimates of the effect of the wage adjustments that would result from the bills pending before this committee, it would be necessary to increase prices in all revenue-producing activities from 7 to 10 percent to pay for the increased wages. While justified price increases are unavoidable, it is not fair to servicemen to require these price increases in order to fund unwarranted pay increases. If these bills were to be enacted, the military serviceman would bear the burden of the cost of higher-than-market wages.

The CHAIRMAN. I must say I would suspect, open to some serious question, that conclusion. The military servicemen are also among those guaranteed our attempts at equitable pay adjustments. I cite John Donne, "For Whom the Bell Tolls," that it is a specious argument. It seems to me that as we seek equitable wage adjustments, to play one group off against the other, to say that if we make the lowest group now equitable it is going to cost you more because of the operations of these particular services. I don't think that is one of your finer arguments this morning.

Mr. KELLEY. Mr. Chairman, I think it would be a specious argument were it not for the fact that the proposals of these various bills would require increasing the wages of nonappropriated fund employees above the prevailing market principle.

Mr. DUPONT. While we have a pause here, Mr. Chairman, if I may.

Nowhere in your statement do I find any figure showing how many nonappropriated fund employees there are within the Defense Department. Do you have a figure on that?

Mr. KELLEY. Yes, sir. Within the Defense Department there are approximately 70,000 full time regular employees in the nonappropriated fund activities in the United States. There is another approximately 90,000 employed by nonappropriated fund activities in the United States on a part time basis. There is approximately an equal number, about 160,000, employed outside of the United States in nonappropriated fund activities, the majority of whom are local nationals, third country nationals, or part-time employees.

Mr. MINTON. For your domestic employees, would your program for establishing a prevailing rate for them include both part-time and full-time employees?

Mr. KELLEY. Yes.

Mr. MINTON. There was an ex parte allegation in our earlier hearings that some of the nonappropriated fund activities will hire part-time employees and work them for some period of time, I forgot what the figure was—something like 35 hours, 36 hours a week, something less than making them eligible for full time employment and then giving them the sack, and hiring them back a little bit later. I don't know if you are familiar with this, but could you perhaps supply for the record a rebuttal for that allegation?

Mr. KELLEY. We will. I can comment extemporaneously on the charge. First there is no denial that in the 7,000 plus nonappropriated fund activities throughout the United States that this type of thing has not at some time occurred. As a general practice it has not occurred and certainly it has not occurred as a matter of carrying out a policy.

The nature of service rendered by nonappropriated fund activities makes it necessary that the hours worked by its employees correspond with the hours of service required or desired by its customers. Frequently as in the case of a Marine base where one of these charges was made the Marine customers would not be available to be served during most of the hours of a full time 40-hour-a-week employee's service so very many of the employees were deliberately on a part time basis because that corresponded to the service need.

Mr. MINTON. Do these people have any emolument, like a two hour call back? Can you just send them home whenever you don't need them?

Mr. KELLEY. In that particular case I don't know. There is no standard practice which pertains to all callback provisions when sent home. Typically in the case of part time employees I know this to be the prevailing practice with the industry—callback provisions do not apply. Although I have not personally investigated, I would be surprised to find that there is a callback provision applicable to part-time or temporary employees within the nonappropriated fund activities.

Mr. MINTON. Let me ask you if I may, in the case of your full time employees in nonappropriated funds, do you have a general governmentwide or Defense Department-wide policy regarding their employment and status as employees of the services, or are they up to the individual Air Force or Army posts involved? In other words, for instance, do they have any fringe benefits other than Social Security that apply to them generally, like leave or retirement or anything like that?

Mr. KELLEY. May I ask Mr. Clewlow to respond to that question.

Mr. CLEWLOW. There are quite a number of the nonappropriated fund activity employees who have fringe benefits. For example, all of the employees of the Army Air Force exchange service, the Navy retail activities, the Marine exchange services have a variety as among them of fringe benefits which includes specified days of annual leave, specified days of sick leave, specified retirement programs, some of which are contributory on the part of the individual, some of which are paid for by the fund itself. They have hospitalization, they have medical care, they have separation pay—in other words, all of the general kinds of fringe benefits which are available in some form to a substantial number of employees.

I think we must remember one thing, that the employees of these funds are administered by the funds. The funds are provided not by the U.S. Government but by the people and therefore the people administer their own funds.

Mr. DuPont. May I ask one question here? Could you explain for the committee how the nonappropriated fund activities are administered or controlled? For instance, a base exchange on a base, is it controlled at the command level, at the base level, or are there general policies made here in Washington under which the nonappropriated fund activities operate?

Mr. Clewlow. I am not prepared to respond to that particular question. I have been addressing myself to the matter of administering personnel. The operation of the exchange services, the operation of nonappropriated funds comes under a general provision of law which in turn has been implemented by a specific Department of Defense directive which comes under an entirely different office than my own and I would not attempt to answer that for the record although we would supply that for the record if it would be helpful.

The Chairman. Your answer is that you don't know?

Mr. Clewlow. The answer is I don't have the responsibility for it, sir.

The Chairman. But it is not that you don't know?

Mr. Clewlow. I know only a part of it. I can respond in part but I do not have enough knowledge to respond fully to his question; therefore, I would prefer not to answer the question.

The Chairman. Can you shed any light on it for us?

Mr. Clewlow. There is a 20-page Department of Defense directive which gives specific responsibilities to commanders at several levels of responsibility throughout the Department. I would be happy to submit that for your information if you would like to have it.

Mr. Minton. Could you submit for the record an itemization, a brief description of the kinds of fringe benefits that employees have? You say they are comparable to the fringe benefits which you and I have. Could you supply for the record a general description?

Mr. Clewlow. Would you want this to include every one of the 7,300 funds or would you want it to be representative?

Mr. Minton. Again that relates to the question. Does the PX at Bergstrom Air Force Base have any plan which by general rule is the same as the PX at Bolling?

Mr. Clewlow. The exchanges which operate under the Army Air Force Exchange Service have a single plan. The activities supported by nonappropriated funds which operate under the Marine Corps have a multiplicity of plans. Individual clubs and messes have individual plans.

(The following material was subsequently supplied for the record:)

FRINGE BENEFITS FOR NAF EMPLOYEES

Within the DoD there are approximately 7,000 nonappropriated funds which employ people. The Funds may be categorized as:

Exchanges.
Clubs and Messes.
Welfare, Morale and Recreation (Special Services Activities).
Sundry/Miscellaneous Funds.

Each of these categories is made up of hundreds of separate, independent funds; some employing several hundred people, and others employing only a few.

Since most of these NAF's must generate their own monies "to meet the payroll" they have accordingly provided in varying degrees to their employees certain benefits, in addition to their straight time wages or salaries. These benefits are referred to as fringe benefits.

The fringe benefits which are currently available to nonappropriated fund employees may be classified as those which provide for—

(*a*) Pay for time not worked;
(*b*) Employee security; and
(*c*) Extra pay for time worked.

The principal items in each of these classifications are as follows:

Pay for Time Not Worked

Annual vacation leave.
Sick leave.
Holidays.
Severance pay.
Leave for maternity reasons.
Excused absences (court, jury duty, etc.).
Rest periods.

Employee Security

Retirement programs.
Group Insurance:
- Life insurance.
- Accidental death and dismemberment.
- Comprehensive medical expenses.
- Long and short term disabilities benefits.
- Life and medical benefits for retired employees.

Extra Pay for Time Worked

Overtime pay.
Premium pay for certain days.

In addition to the fringe benefits provided by administrative authority within the DoD there are others which are required by Federal law. These are—

Social Security benefits;
Unemployment Compensation;
Workmen's Compensation; and
Veterans Restoration rights.

In total, those fringe benefits which are authorized administratively are provided by those funds which are financially able to afford them. In the highly sophisticated exchange systems all of the benefits are provided to some degree to all regular full time employees and certain benefits to other categories of employees. On the other hand, the Rod and Gun clubs, the Aero clubs and so on, which employ few people, provide very few benefits other than those required by law. Consequently, there is a wide variance in fringe benefit practices.

The special Study Group for NAF Personnel which was established a little over a year ago has developed a set of proposed policies for standardizing fringe benefits for NAF employees. Such policies are being further examined as to the overall cost impact.

Mr. MINTON. If I were a sergeant in the Air Force and my wife worked in the PX wherever we went, so that we could live, assuming she could get employment, does she have any status? Does she have any transferability? Does she have any reinstatement rights? Does she have any reinstatement preference? Can she go from X base to Y base and continue her retirement coverage or annual leave or anything, since these military people move around every 2 or 3 years?

Mr. CLEWLOW. I do not have knowledge of the detail of each of the individual plans since there are some 7,300 separate funds. I have not attempted——

Mr. MINTON. When you say "separate funds" you mean activities?

Mr. CLEWLOW. No; I am speaking of separate funds.

Mr. MINTON. This is a piece of money somewhere?

Mr. CLEWLOW. This is a fund which has been established under the provisions of law which may operate as a nonappropriated fund and which as a fund may have activities for which it may employ people.

The CHAIRMAN. Has anyone that you know of down there either with computers or with pencils tried to draw out of these 7,300 separate funds the presence or absence of general operating principles?

Mr. CLEWLOW. We are attempting at this time to do that but have not done it yet.

The CHAIRMAN. Is it underway?

Mr. CLEWLOW. It is underway.

The CHAIRMAN. Do you anticipate a terminal point in that preparation?

Mr. KELLEY. Mr. Chairman, when you asked your question you used the term "operating principles." Do you mean operating principles as applied to personnel and pay practices specifically?

The CHAIRMAN. Well, personnel and pay practices principally would relate to this testimony but I must say I was raising my eyebrows in some sense of shock at this broad circumstance that prevails. In order to keep it relevant here I suppose we should confine it to that, but I must say I wonder how it could have emerged in this pattern without some overall sense of awareness at least, if not control over, what was going on, you see. This may put the finger on why we are in trouble in some of those areas.

Mr. KELLEY. Well, the reason I asked the question is that we have completed a quite comprehensive study of the personnel practices prevailing within nonappropriated fund activities and we contemplate that within the year, within the next 12 months, we will establish effective controls over the wages paid and over the principal supplemental benefits to direct pay applicable to employees in the nonappropriated fund activities. This addresses itself to the central wage fixing authority which I just described in my testimony in part, and the rest of it of course has to do with the things beyond the direct wages which affect one's total compensation.

Referring back to the earlier question of counsel, there is no question that there is a wide variance of pay practices within the nonappropriated funds activities because they have not been subject to as much central authority control as we think is appropriate in the interest of assuring pay according to local prevailing rate practices or principles.

The CHAIRMAN. How long have these been going on? Since World War II? During World War II?

Mr. KELLEY. I couldn't speak to that, sir, because I am not familiar with what attempts at control or——

The CHAIRMAN. Perhaps one of your chiefs could supply that point for the record. It strikes me as a rather loose end, to put it in very gracious terms, that has somehow survived administration—not this administration, administration. I use that in the broadest sense for a strangely extended period of time. While I think it is not able—as you have just described for us you are preparing to bite the bullet on this—it is very, very tardy, I would think.

(The following information was subsequently supplied for the record:)

The military departments have been responsible for administering nonappropriated fund activities, which provide morale, welfare and recreation facilities for their members, since they evolved in the mid 1800's. The policy has been to delegate responsibility to appropriate commanding officers to fix compensation for employees paid from nonappropriated funds. Since shortly after World War II, regulations issued by the military departments have required the payment of locality prevailing rates for similar positions in comparable enterprises in the private sector of the economy.

Mr. MINTON. The allegations which were made in the earlier hearings of the employees' position to the committee are obvious. They allege that the PX's are making a lot of money, all of the colonels are out playing golf all day long while these people are in a sweat shop back here toting hay to pay for the construction costs of a golf course.

Mr. KELLEY. I don't know what the basis for your last statement is, sir.

Mr. MINTON. I say the allegations made by the union representatives——

The CHAIRMAN. These were the charges that were submitted to this committee in an earlier statement.

Mr. KELLEY. Those are gratuitous charges which I think can be just as readily dismissed.

Mr. MINTON. Well, you dismissed an earlier similar charge by a rather carefully detailed statement, that the laundry workers were not included in the percentage increases in Chicago and other places. This is a much uglier charge, that the PX's profits are building golf courses and providing a good time, but nonetheless it is a charge which captures the attention of the employees and their representatives.

Mr. KELLEY. Just on its face making the charge that the colonels are out playing golf while others are working——

Mr. MINTON. Or the counsel on the committee is out playing golf——

Mr. KELLEY. That is a rather ridiculous thing to talk about here and I just don't think it deserves the attention we are giving it.

The CHAIRMAN. It should not dismiss the thrust of this question that has been raised long since by the employee group, and that is that they have been rather shabbily treated in these operations, and that is the real point of it. I don't think that a disparagement of the colorful language is a proper response to the question. We need help on this committee if we are going to try to hold this in some responsible context as we seek to address ourselves to whatever ought to be done in the wisest way, and your response did not help us.

Mr. KELLEY. Mr. Chairman, I apologize if you misunderstood my response. My disparagement of what colonels do was simply because I thought that had nothing at all to do with the issue at hand. I regard seriously my responsibility to try to serve you in this very difficult judgment that you and members of your committee are trying to make and the fact that we have in process the establishment of a central wage fixing authority over a widely proliferated and many employeed organization is evidence, I believe, that we take seriously the problem that you are addressing yourself to.

The CHAIRMAN. Yes, sir. I mentioned a moment ago that it looks like you are beginning to move in this direction, and my only comment at the time was that it has been a strangely long period of time but it is important that we come to grips with it rather than bemoaning the fact that it took so long. I think we ought to keep those in the right order.

Mr. KELLEY. Yes, sir.

In summary there is in operation today an effective and fair system of pay administration for the wage employees of the Government.

They are not the "forgotten" employees of Government and they have been receiving regular annual pay increases. Wage employees received annual pay adjustments for many years before provisions for annual adjustments were made for employees paid under the Classification Act and, in fact, are ahead of General Schedule and Postal Field Service workers in pay increases.

Their pay increases have far exceeded the rise in the Consumer Price Index and average increases in private industry. During the past 2 fiscal years, and so far in fiscal year 1971, wage employees covered by schedules issued by the coordinated Federal wage system have received average pay increases totaling approximately 25 percent.

They receive night work differentials in all wage areas and these differentials are based on industry practice in their respective areas. The proposal to establish in law standard percentage differentials departs from the principle of locality prevailing rates and distorts wages.

The three-step pay plan under which Federal wage employees are now paid conforms with or exceeds prevailing industry practice with regard to the number of step rates. The proposal to add additional steps is unwarranted, costly, and inflationary.

Pay rates for blue-collar employees are based upon a broadly representative sampling of private industry wages.

The proposal to eliminate from the survey sample all firms of less than 300 employees would eliminate a large and important segment of private industry. It would be a serious departure from the principle of prevailing rates and would result in the estimated loss of nearly 80 percent of the current survey potential.

Proposals that would require nonappropriated fund activities, which Congress has required to be self-sustaining, to pay rates to their employees in excess of rates paid by counterpart activities in the private sector are unsound and unfair to the servicemen who must pay the bills.

In light of these facts, it is apparent that many of the features of the bills under consideration by this committee are destructive of the sound principle of paying wage employees locality prevailing rates. Such a system, based on locality prevailing rates, is fair to the employee, to the employer, and to the taxpayer.

The chairman of the Civil Service Commission has offered for this committee's consideration a bill which would clearly express legislative policy and provide a broad framework of sound pay policies and principles for administration of a locality prevailing rate system. We support this legislation as a reasonable statutory base for the system although we regret that it would continue the current Monroney amendment provisions.

As the Government's largest employer of blue-collar workers, we have an important stake in paying fair, competitive wages to our 430,000 blue-collar employees. We need to do this in order to attract and retain employees and to be fair to our employees. We should not, however, operate under a wage system which would force the Department of Defense to pay rates above those prevailing in private industry, and thus cause a wage-push inflation in the communities in which we are substantial employers.

I hope that Congress will enact legislation that is based upon the sound principle of prevailing rates and that will provide a workable set of wage policies that are fair to employees and to the public.

I appreciate the opportunity the committee has provided for appearing, Mr. Chairman, and would be very happy to answer your questions.

The CHAIRMAN. Thank you very much, Mr. Secretary, for your patience and indulgence here this morning.

I feel compelled to inject again the philosophical thought again that I shared with Chairman Hampton yesterday, and that is that I have qualms as I strive to sit in judgment at this question along with you and the chairman and others, all of whom are making $35,000, $40,000, or $42,500 a year in terms of what is a relatively substantive and significant wage base or base for the man at the bottom of the scale. I grope with the question with sincerity in the hope that I understand it more adequately than my look at the principle involved or the formula involved or the percentages involved than it might otherwise permit me to do.

We have a tendency, I think, to squeeze out of this operation the human being and channel through it the immortal wisdom of cold statistics and I find myself fighting that within in an attempt to arrive at what I suppose we would call a just allowance or equity or however else you want to describe that operation. That is the reason for our pressing and sometimes tortured questioning. We want to make sure that we are not in the interests of brevity and convenience chopping so much off the principle or the statistics that we forget the substantive factor that here is a man or a woman who still has to pay his bills in order to make a respectable living. That is part of the backdrop against which a hearing like this must be conducted.

Mr. KELLEY. I appreciate the point, Mr. Chairman. I do not personally respect statistics as having a great ringing human quality.

They are rather only a representation of how well collectively, in this case, our system is doing as compared with other systems with which it may be compared. But in the final analysis we have to strive to be just and fair and equitable to each and every member of the organization.

The CHAIRMAN. Well, that is what we have been groping for here this morning and we have been asking you here to help us solve really this question now in your agency of the Government. Despite all of this very helpful and very impressive evidence that you have contributed to us here this morning, the fact remains that nearly a half million of your employees are arguing for the same treatment—not the same sums, the same treatment—that their white-collar colleagues get and that is, namely, a wage system that establishes comparability at the fourth step of the grade and provides a 10-step pay plan for all grades. They are simply saying that if 1,200,000 Federal employees get that kind of treatment from their Congress, why shouldn't they?

The great burden on this committee is to try to help answer or find the answer to that question, and it does not help when you say that this would upset the apple cart or destroy the prevailing rates or it would create other complications, cost more money or inflate for the reason that those didn't seem to be relevant restraints in the more numerous other cases. Thus we come up short of answers to explain this as we contemplate the plight of this particular group.

If we continue to avoid this question or to run around it or to inundate it with statistics, the committee may well be crowded into the corner of coming up with its unilateral judgment that a half million people at least have earned the right to the similar pattern of answers that have already been accorded to 1,200,000 others. That would, as you suggest, upset the apple cart. We have not really tangled with this matter of that gap in there, that discrepancy.

Mr. KELLEY. Mr. Chairman, if I may repeat a point which I tried essentially to make in my testimony. I think we have grappled with that point and we have bitten the bullet with respect to providing a wage system for blue-collar employees of the Department of Defense and others in the Federal Establishment which assures that they are being paid fairly and equitably.

I don't believe I am entitled to argue that somebody else's proposal is wrong because of the cost to the taxpayer, or in this case the Department of Defense, additional money. If the people who are employed by the Department aren't receiving enough money, then they are entitled to receive more money, and it should cost us more.

I think we have to establish in the final analysis what kind of a standard we are shooting at. What constitutes adequacy? What constitutes equity in terms of paying Federal employees? Our simple proposition, statistics aside, is that we should pay employees a wage which is comparable to the prevailing rate paid in the community in which they are employed for people doing comparable work.

Now if that principle is wrong, then our whole foundation crumbles because the principle is wrong. This is the bedrock of the whole rationale for blue-collar wage payment in the Federal establishment.

The CHAIRMAN. It leaves us with that gap again, you see, that we were talking about earlier of what is the equitable judgment, the equitable allowance, for the reason that the formula remains a cold

statistical formula, and we have still failed to answer what is the equitable pay in that situation.

You do remind us several times in your testimony that if even by leaving out equity, that if we exceed whatever the going formula may be in that community, this becomes inflationary. I reject that, not because it might not be inflationary, but because I think we have got to answer the tough question: What is the equitable pay level in that area? I just hate to let it go to the mercy of a statistical calculation, which is what you are arguing for, it seems to me.

Mr. KELLEY. No, sir; I don't believe we are, but I won't belabor that point further. There is no inherent equity to be found in how many step rates you have in your wage payments schedule. There is nothing more equitable about 10 rates than about two, five, or seven rates.

The CHAIRMAN. I understand.

Mr. KELLEY. But anyone who has had experience in pay administration I think would agree that under a daywork schedule people tend to cluster toward the top rates paid in the schedule, however many rates that happens to be. If the top rate pay is substantially in excess of what an equitable rate should be for that work in the community, then this gap becomes a gap of inflation, and that was the representation that we made.

The second rate in the system has been defined as the prevailing rate. If the second rate remains the prevailing rate and some additional rates are added on top of the third rate, then the clustering of people toward those top rates tends to bring those people above market for their jobs. Now if the prevailing rate principle is wrong, if we reject that, then of course there is nothing left in the system that we are now operating.

The CHAIRMAN. I appreciate the system in that sense. What concerns me is that in attempting to arrive at this equitable level that we are already dragging along the milestone of where we have come from and I want to make sure that that is not penalizing our efforts in the rapid rise of all things here in the requirements of modest living, that we still fall appreciably short. It is bad enough the number of areas where the people still fall short of income. I just think it would be inexcusable to have those areas be also under the Federal tent.

Mr. KELLEY. Well, I think to a degree in pay administration we are inevitably influenced by where we have been as well as where we want to go. The prevailing rate and pay practices in a community are, of course, reflective of where we have been and where we are today.

Mr. DUPONT. Mr. Chairman, I have a question.

Reading over your statement, you cited the number of supervisors vis-a-vis nonsupervisory employees and I compute the ratio to be 1 to 15. Would you care to comment on that? It would seem that a 1 to 15 ratio, one supervisor for every 15 nonsupervisory individuals, approximately, would be a fairly good ratio, and opens up opportunities for nonsupervisory personnel moving into the supervisory level since the prevailing wage says that Federal Government employment shall follow private industry. Are there any figures available, or would you care to comment as to how this compares to private industry?

Mr. KELLEY. The ratio of supervisor to nonsupervisor?

Mr. DUPONT. Yes, realizing that in industry, similarly lined types, you can have more people under a supervisor; but I was just wondering whether you would care to comment on that.

The CHAIRMAN. That is, the Federal ratio is higher in this regard. Does this not then create new incentive, new opportunity, for the nonsupervisor personnel to move up?

Mr. KELLEY. I am just jogging my memory. It is my impression that 1 to 15 does not miss by very much the same ratio in private industry.

Mr. DUPONT. The only reason I bring that up is the allegation, as you say, has been made that Government employment on the nonsupervisory level is dead end; and it would appear from this ratio, 46,000 to 700,000, to be a fairly good ratio, just going back to my schooldays as to teacher-pupil ratios.

Mr. KELLEY. Yes, I think it is a good ratio; it is a satisfactory ratio. I think it is an argument that it is not dead end insofar as nonsupervisory employees that have capacities and qualifications that would promote some of them into supervisory jobs.

Mr. DUPONT. Is it a valid assumption that most of your supervisors come from below rather than being brought in from outside?

Mr. KELLEY. Yes. I don't know the percent, but that is correct as applied to the majority.

Mr. DUPONT. If I might just comment one more time, Mr. Chairman. Senator Fong unfortunately had to go out to West Point, but he did make the point yesterday with Chairman Hampton that the Federal Government having only 3 percent of the national work force raises the philosophical problem of whether the dog should wag the tail or the tail should wag the dog, as to how much or what rates you pay. This is the problem that he is concerned with. Would you care to comment on that?

Mr. KELLEY. Well, I comment only to this extent, that when the Federal Establishment—in our case the Department of Defense—employs people in a given community it has an obligation first of all to be fair to the people employed with respect to the equity and the adequacy of wages paid. It also has a responsibility to other employers in that community to insure against introducing rates of pay which are disproportionate to the prevailing rate principle and which would cause those employers to have to pay wages and to incur costs that are uncompetitive in the business in which they are attempting to compete. So we are very sensitive to our dual responsibility both to the employees under our system and to other employers within the communities in which we engage our activities.

The CHAIRMAN. That will conclude the hearing, Mr. Secretary, but not before I say to you personally that I very much appreciated all of the efforts that you had to make in order to adjust to this shift in the committee's hearing. It comes as a bit of appreciated cooperation to assist the chairman in keeping a number of hearings on schedule so that we might not delay the necessary legislative processes as the summer months approach. I just wanted you to know I am personally grateful for the efforts you made.

Mr. KELLEY. Thank you, Mr. Chairman. I am glad to do it and I appreciate very much the opportunity to be here.

The CHAIRMAN. Thank you.

(Whereupon, at 11:40 a.m., the hearing adjourned.)

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