

Y4
.P 84/10

1022

93-9
P 84/10
93-9

93-9

AMEND FEDERAL SALARY ACT OF 1967 RELATING TO EXECUTIVE, LEGISLATIVE, AND JUDICIAL SALARY COMMISSION

GOVERNMENT
Storage

UMENTS



73

THE
KANSAS S

ARY
VERSITY

HEARING

BEFORE THE

COMMITTEE ON

OFFICE AND CIVIL SERVICE

HOUSE OF REPRESENTATIVES

NINETY-THIRD CONGRESS

FIRST SESSION

ON

S. 1989

AN ACT TO AMEND SECTION 225 OF THE FEDERAL SALARY
ACT OF 1967 WITH RESPECT TO CERTAIN EXECUTIVE,
LEGISLATIVE, AND JUDICIAL SALARIES

JULY 17, 1973

Serial No. 93-9

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



U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1973

98-943 O

COMMITTEE ON POST OFFICE AND CIVIL SERVICE

THADDEUS J. DULSKI, New York, *Chairman*

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

MORRIS K. UDALL, Arizona

DOMINICK V. DANIELS, New Jersey

ROBERT N. C. NIX, Pennsylvania

JAMES M. HANLEY, New York

CHARLES H. WILSON, California

JEROME R. WALDIE, California

RICHARD C. WHITE, Texas

WILLIAM D. FORD, Michigan

FRANK J. BRASCO, New York

WILLIAM (BILL) CLAY, Missouri

PATRICIA SCHROEDER, Colorado

JOHN JOSEPH MOAKLEY, Massachusetts

WILLIAM LEHMAN, Florida

H. R. GROSS, Iowa

EDWARD J. DERWINSKI, Illinois

ALBERT W. JOHNSON, Pennsylvania

LAWRENCE J. HOGAN, Maryland

JOHN H. ROUSSELOT, California

ELWOOD HILLIS, Indiana

WALTER E. POWELL, Ohio

RICHARD W. MALLARY, Vermont

ANDREW J. HINSHAW, California

L. A. (SKIP) BAFALIS, Florida

JOHN H. MARTINY, *Chief Counsel*

VICTOR C. SMIROLDI, *Staff Director and Counsel*

WILLIAM A. IRVINE, *Assistant Staff Director*

THEODORE J. KAZY, *Senior Staff Assistant*

ROBERT E. LOCKHART, *Assistant Counsel*

ROY C. MESKER, *Staff Assistant*

FRANCIS C. FORTUNE, *Coordinator*

RALPH J. DEVLIN, *Staff Assistant*

CONTENTS

Statement of—	Page
Hampton, Hon. Robert E., Chairman, U.S. Civil Service Commission, accompanied by Frank S. Mellor, Chief, Salary Policy Section---	19
Jay, Vincent E., executive vice president, congressional liaison, The Federal Professional Association-----	52
Kirks, Rowland F., Director, Administrative Office of the U.S. Courts, accompanied by William R. Sweeney, Assistant Director-----	40
McAfee, David, Staff Director, Commission on Executive, Legislative, and Judicial Salaries-----	43
McCart, John A., operations director, Government Employees Council, AFL-CIO-----	54
Sadler, Carl K., legislative representative, American Federation of Government Employees, on behalf of National President, Clyde M. Webber -----	53
Wolkomir, Nathan T., president, National Federation of Federal Employees -----	49
Administration reports—	
Office of Management and Budget, letter dated July 13, 1973-----	8
U.S. Civil Service Commission, letter dated July 2, 1973-----	9
Administrative Office of the U.S. Courts, letter dated July 11, 1973--	11
U.S. Postal Service, letter dated July 9, 1973-----	17
Other—	
S. 1989, subject of hearing-----	2

CONTENTS

1	Introduction
2	Chapter I. The History of the United States
3	Chapter II. The Geography of the United States
4	Chapter III. The Climate of the United States
5	Chapter IV. The Population of the United States
6	Chapter V. The Government of the United States
7	Chapter VI. The Economy of the United States
8	Chapter VII. The Culture of the United States
9	Chapter VIII. The Future of the United States
10	Conclusion

AMEND FEDERAL SALARY ACT OF 1967 RELATING TO EXECUTIVE, LEGISLATIVE, AND JUDICIAL SALARY COMMISSION

TUESDAY, JULY 17, 1973

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

The committee met at 10 a.m. in room 210, Cannon House Office Building, Hon. Thaddeus J. Dulski (chairman of the committee) presiding.

Mr. DULSKI. The meeting will come to order.

This hearing on S. 1989 is being held by the full committee under Committee Rule 9(a), which provides that all matters under section 225 of Public Law 90-206, relating to the functions of the Commission on Executive, Legislative, and Judicial Salaries shall be considered by the full committee.

The appointment of members to the Commission on Executive, Legislative, and Judicial Salaries for fiscal year 1973 was completed by the President on December 11, 1972. The President's announcement of December 11, 1972, also stated, and I quote:

The President has requested that the Commission submit its report on June 30, 1973. The President will then make his recommendations to the Congress when he submits the 1975 budget in early 1974. The salary adjustments, if any, will thus go into effect in about March 1974, unless they are disapproved by either House of Congress.

The Commission has submitted its report to the President, but the President has not released any information on the report.

As a part of the review of salary adjustments for Members of Congress, justices and judges, and the top executives in the executive branch, arrangements were made for discussions between members of our committee and staff and members of the Commission and staff. The enactment of this legislation is based on suggestions made by the Chairman of the Commission during those discussions.

Favorable consideration of S. 1989 has the strong support of the Civil Service Commission, the Office of Management and Budget, and the Director of the Administrative Office of the U.S. Courts.

I will place copies of these reports in the record, together with a letter from the Postal Service, a copy of S. 1989, and a summary of the bill.

[The material follows:]

93^d CONGRESS
1ST SESSION

S. 1989

IN THE HOUSE OF REPRESENTATIVES

JULY 12, 1973

Referred to the Committee on Post Office and Civil Service

AN ACT

To amend section 225 of the Federal Salary Act of 1967 with respect to certain executive, legislative, and judicial salaries.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 That section 225 of the Federal Salary Act of 1967 is
4 amended as follows:

5 (1) Strike out the first sentence of subsection (b) (3)
6 and insert in lieu thereof the following: "After the close
7 of the 1969 fiscal year of the Federal Government, persons
8 shall be appointed as members of the Commission with re-
9 spect to the 1973 fiscal year and every second fiscal year
10 thereafter."

I

1 (2) In subsection (f) (A), immediately before "and",
 2 insert the following: "Delegates to the House of Representa-
 3 tives,".

4 (3) In subsection (f), strike out subparagraph (E) and
 5 insert in lieu thereof the following:

6 "(E) the Vice President of the United States, the
 7 Speaker of the House of Representatives, the President
 8 pro tempore of the Senate, and the majority and minority
 9 leaders of the Senate and House of Representatives, ex-
 10 cept that the review of rates of pay of positions included
 11 in this subparagraph shall be made commencing with
 12 fiscal year 1975."

13 (4) In subsection (g)—

14 (A) strike out "and (D)" and insert in lieu thereof
 15 "(D), and (E)"; and

16 (B) strike out the last sentence and insert in lieu
 17 thereof the following: "Commencing with respect to
 18 fiscal year 1973, each such report shall be submitted on
 19 such date as the President may designate during the
 20 period from January 1 through June 30 of the fiscal year
 21 in which the review is conducted by the Commission."

22 (5) Subsection (h) is amended to read as follows:

23 "(h) RECOMMENDATIONS OF THE PRESIDENT WITH
 24 RESPECT TO PAY.—Commencing in 1973, the President
 25 shall transmit to Congress, not later than the August 31 first

1 occurring after the submission of the report and recommen-
2 dations of the Commission under subsection (g) of this
3 section, his recommendations with respect to the exact rates
4 of pay which he deems advisable, for those offices and
5 positions within the purview of subparagraphs (A), (B),
6 (C), (D), and (E) of subsection (f) of this section
7 (including recommendations to be effective in fiscal year
8 1974 in accordance with subsection (i) of this section with
9 respect to positions included in such subparagraph (E)).”

10 (6) Paragraph (1) of subsection (i) is amended to
11 read as follows:

12 “(1) Except as provided in paragraph (2) of this
13 subsection, all or part (as the case may be) of the recom-
14 mendations of the President transmitted to the Congress
15 under subsection (h) of this section shall become effective
16 at the beginning of the first pay period which begins after
17 thirty calendar days of continuous session of Congress fol-
18 lowing transmittal of such recommendations; but only to the
19 extent that, between the date of transmittal of such recom-
20 mendations and the beginning of such first pay period—

21 “(A) there has not been enacted into law a statute
22 which establishes rates of pay other than those proposed
23 by all or part of such recommendations;

24 “(B) neither House of the Congress has passed a

1 resolution which specifically disapproves all or part of
2 such recommendations; or

3 “(C) both.

4 The continuity of a session is broken only by an adjournment
5 of the Congress sine die, and the days on which either House
6 is not in session because of an adjournment of more than
7 three days to a day certain are excluded in the computation
8 of the thirty-day period.”

Passed the Senate July 9, 1973.

Attest:

FRANCIS R. VALEO,

Secretary.

PROCEDURE FOR ADJUSTING EXECUTIVE,
LEGISLATIVE, AND JUDICIAL SALARIES

SUMMARY OF S. 1989

The bill, co-sponsored by Senators McGee and Fong, was called up under a unanimous consent request and passed the Senate on July 9, 1973. It has the strong support of both the Executive and Judicial Branches of the Government. The major features of S. 1989 are set forth below.

(1) The procedure for adjusting the Executive, Legislative, and Judicial salaries is changed from 4-year intervals to 2-year intervals in order to avoid the sizable increases that are necessary to maintain more current pay comparability with related economic conditions.

(2) The President's recommendations to the Congress on adjustments in Executive, Legislative, and Judicial salaries will be submitted not later than August 31 every two years, starting in 1973, rather than the January following completion of the surveys every four years.

(3) The period during which Congress has an opportunity to consider the President's recommendations before the recommendations become effective is changed from thirty calendar days to thirty calendar days of continuous session of Congress in order to assure that each House of Congress has sufficient time to consider the President's recommendations.

Under the new timing, the recommendations, unless vetoed by Congress, will become effective in October rather than during the following March. This change in the effective date of the recommendations has no effect on the effective date of the salary adjustments since the President is authorized to establish a later effective date for the salary adjustments included in his recommendations. These provisions of law anticipate that the President, if he so desires, could include an effective date sometime early in 1974, even though the recommendations under this legislation could become effective sometime in October.

(4) The authority to include recommendations for salary adjustments for the Board of Governors for the Postal Service is eliminated.

(5) The bill includes authority to maintain the pay of the Members of Congress who serve in the top leadership positions (Vice President, President Pro Tempore of the Senate, Speaker of the House of Representatives, and the Majority and Minority Leaders of both Houses) with the pay of members of the Supreme Court and members of the President's Cabinet, as has been the tradition for many years.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

Honorable Thaddeus J. Dulski
Chairman, Committee on Post Office
and Civil Service
House of Representatives
207 Cannon House Office Building
Washington, D.C. 20515

JUL 13 1973

Dear Mr. Chairman:

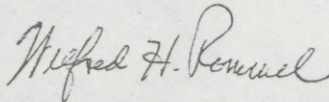
This is in reply to the Committee's request for the views of this Office on S. 1989, "To amend section 225 of the Federal Salary Act of 1967 with respect to certain executive, legislative, and judicial salaries."

The principal purpose of S. 1989 is to change the four-year timetable of the present procedure for review and adjustment of executive-level salaries to a two-year schedule, beginning in 1975. Effective this year, the bill would require the Commission on Executive, Legislative, and Judicial Salaries to submit its report to the President by the end of the fiscal year in which it is appointed. Further, the bill would require the President to transmit his recommendations for pay adjustments for positions at these levels not later than the next August 31. The new pay rates would be effective after 30 days of continuous session of Congress following the President's transmittal, unless the President's recommendations provide for a later effective date, or unless either House of Congress disapproves them.

In his report to your Committee on this bill, the Chairman of the Civil Service Commission supports the changes in the timing of these pay adjustments and indicates the biennial cycle would be a considerable improvement.

We concur in the views expressed by the Civil Service Commission and, accordingly, strongly urge enactment of S. 1989.

Sincerely,



Wilfred H. Rommel
Assistant Director for
Legislative Reference



UNITED STATES CIVIL SERVICE COMMISSION

WASHINGTON, D.C. 20415

CHAIRMAN

July 2, 1973

Honorable Thaddeus J. Dulski
Chairman
Committee on Post Office and Civil Service
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

This is in reply to your request for the views of the Civil Service Commission on S. 1989, a bill "To amend section 225 of the Federal Salary Act of 1967 with respect to certain executive, legislative, and judicial salaries.

S. 1989 would change the timetable of the present quadrennial review and adjustment procedure for the salaries of the Government's top officials. Under the provisions of this bill, the Commission on Executive, Legislative, and Judicial Salaries would be required to submit its report to the President by the end of the fiscal year in which it is appointed, and the President would be required to transmit to Congress his own recommendations on new pay rates not later than the next August 31. The new pay rates would become effective at the beginning of the first pay period which begins after thirty days of continuous session of Congress after transmittal of the President's recommendations, unless the recommendations provided some later effective date or unless either House of Congress disapproved the recommendations. These changes in the timetable of the adjustment procedure would all become effective this year. S. 1989 also provides that in the future, starting in fiscal year 1975, this review and adjustment procedure will occur every two years instead of every four years.

The Civil Service Commission strongly supports all of these changes in the timing of the adjustment procedure for salaries of top officials. In particular, we believe a biennial rather than quadrennial adjustment cycle will be a considerable improvement.

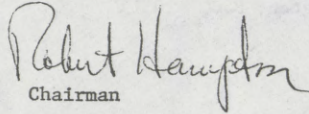
S. 1989 would also bring the salaries of the Vice President, the Speaker of the House of Representatives, the President pro tempore of the Senate, and the majority and minority leaders of the Senate and the House of Representatives within the scope of the review and adjustment process. We believe this will be a very desirable change, as it will obviate special legislation such as Public Law 91-67 each time the salaries of the Government's other top officials are adjusted. We note that S. 1989 would

also remove from the review and adjustment procedure the rate of compensation for the members of the Board of Governors of the United States Postal Service. We must defer to the views of the Postal Service on the desirability of this change.

We are advised by the Office of Management and Budget that, from the standpoint of the Administration's programs, there is no objection to the submission of this report.

By direction of the Commission:

Sincerely yours,


Chairman

ADMINISTRATIVE OFFICE OF THE
UNITED STATES COURTS

SUPREME COURT BUILDING
WASHINGTON, D.C. 20544

ROWLAND F. KIRKS
DIRECTOR

WILLIAM E. FOLEY
DEPUTY DIRECTOR

July 11, 1973

Honorable Thaddeus J. Dulski
Chairman, Post Office and
Civil Service Committee
United States House of Representatives
Washington, D. C.

Dear Chairman Dulski:

In response to your request that the Federal Judiciary express its views on S. 1989 a bill to amend Section 225 of the Federal Salary Act of 1967 with respect to certain executive, legislative and judicial salaries, it is my pleasure to report that the Judicial Conference of the United States strongly supports this bill and urges its early enactment by the Congress.

As you know the Judicial Conference of the United States is the policy-making body of the Federal judicial system and by law makes recommendations to the Congress on legislative matters affecting the Federal Judiciary, its officers and employees. S. 1989 has been considered by the Executive Committee of the Judicial Conference and has been approved unanimously by that Committee.

The purpose of this legislation is to speed up the process under which the recommendations of the Commission on Executive, Legislative and Judicial Salaries, created by the Federal Salary Act of 1967, 81 Stat. 6142, 2 U.S.C. 351 et seq., may be presented by the President to the Congress. If S. 1989 is passed, the recommendations of the Salary Commission in 1973, and of the President with respect to these salaries, may go into effect approximately six months earlier than presently possible under existing law.

A second part of the bill would require the appointment of a Salary Commission biennially instead of quadrennially, as now provided by law. This would make possible a thorough

review of the salary structure for Congressmen, Judges and high Government officials at shorter intervals of time and on a more regular basis.

It is fair to say that the provisions of the Federal Salary Act of 1967 relating to the functions of the Commission on Executive, Legislative and Judicial Salaries has not functioned as originally intended. The Salary Act of 1967 brought into the federal salary structure the concept of comparability between salaries in Government and in industry. As to Government employees generally this goal was substantially achieved by the pay increases granted in 1969. Since then Government employees generally have received cost-of-living increases which were designed to keep pace with the increases in the cost of living and increases in salaries granted to labor and employees in the private sector throughout the national economy.

By way of illustration. Since 1969 a government employee in the middle step of grade 15 of the General Schedule has received four cost-of-living increases aggregating on a compounded cumulative basis, 24.6%.

In the private sector during this same period of time the technical professions (GS-15 equivalent) received a 19.5% increase and union journeymen (average of 27 construction crafts) received a 42.2% increase in salary, both compounded cumulatively.

Government officials, including members of Congress and federal judges, whose salaries are determined by the process of the Salary Commission structure in the present law, have received no increase in four years. Under present law they cannot receive an increase in calendar 1973. This means that the earliest time an increase could be received under present law is 1974 and whatever increase is granted at that time would be fixed for the next four years unless as in the present case the Commission is not appointed at the appropriate time on this four-year cycle which could result in no increase taking place for five years as is the case today.

This is not the appropriate time or place to discuss what the Salary Commission should do under present law but it certainly is most timely for the Congress to consider amending the law as proposed by S. 1989 so that the Commission could act more quickly and more frequently than present law permits.

The relevance of citing the comparative salary data referred to above and in the attached sheets to this letter is several fold. First it illustrates what has taken place both in and out of government service with respect to salary increases over the past four years while those executive, legislative and judicial salaries covered by the Federal Salary Act of 1967 have stood still. The figures indicate that generally salaries of others have advanced from 25 to 30%. This is a significant amount. In one sense of the word this is lost salary not to be recouped, to those who received no raise.

Second, it graphically highlights the fact that the cumulative percent increase for those not covered by the Federal Salary Act of 1967 becomes so great in four years that to achieve comparability the Commission is faced with, and in turn so is the President and the Congress, what amounts to a traumatic one-lump adjustment which cannot help but invite criticism, unjustified though it may be. To amend the law as proposed in S. 1989 to require the Commission procedure to function every two years rather than every four will tend to reduce the significance of this aspect of the problem.

Third, the feature of S. 1989 which would require Commission, President and Congressional action in calendar 1973 and every two years thereafter would have a particularly salutary effect in 1973 with respect to the top classified employees in the judicial system who are frozen in their present salaries which are fixed as a percent of the salary of a district judge as long as the salary of a district judge remains static.

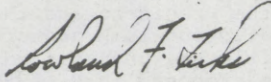
As an example, referees in bankruptcy, U. S. magistrates, clerks of court and probation officers who have reached the top of their grades can no longer receive increases in salary as long as the district judge's salary remains at its present level. This of course prejudices this class of employee when compared with other employees not so restricted.

There are enclosed with this letter two tables showing what the salaries of United States circuit and district judges would be today if the cost-of-living salary increases granted other government employees and certain employees in the private sector had been authorized for them.

If there is merit to the concept of comparability, equality, parity, or fair play, then substantial salary increases for members of Congress and other Government officials covered by the Federal Salary Act of 1967 are long overdue and should not be delayed as long again. Under existing law the earliest time at which an increase can be forthcoming would be approximately March of next year - 9 or 10 months away. S. 1989 would make it possible to put into effect by October of this year whatever increases may be recommended by the Salary Commission and approved by the President and the Congress.

The federal judiciary heartily supports this bill and hopes that it will be speedily enacted by the Congress.

Respectfully,

A handwritten signature in dark ink, appearing to read "Rowland F. Kirks", written in a cursive style.

Rowland F. Kirks
Director

Enclosures

GENERAL SCHEDULE PAY INCREASES

COMPARABILITY INCREASES FOR JUDGES

Effective Date	Percentage Increase	Salary Grade 15, Step 4	Circuit Judge	District Judge
July 14, 1969		\$23,749	\$42,500*	\$40,000*
Dec. 27, 1969**	6.0%	25,174	45,050	42,400
Jan. 11, 1971	6.0%	26,675	47,753	44,944
Jan. 10, 1972	5.5%	28,142	50,379	47,416
Jan. 8, 1973	5.1%	29,589	52,968	49,853
Projections				\$24,613 ²
			Cumulative loss thru 1973--	\$26,150 ²
Jan. 1974	5.5%	31,216	55,881	52,595
Jan. 1975	5.5%	32,933	58,954	55,487
Jan. 1976	5.5%	34,744	62,196	58,539
Jan. 1977	5.5%	36,654	65,616	61,758
Jan. 1978	5.5%	38,670	69,225	65,154
Cumulative Increase: ¹				
1973 over 1969	24.6%	5,840	10,468	9,853
1974 over 1969	31.4%	7,467	13,381	12,595
1975 over 1969	38.7%	9,184	16,454	15,487
1976 over 1969	46.3%	10,995	19,696	18,539
1977 over 1969	54.3%	12,905	23,116	21,758
1978 over 1969	62.8%	14,921	26,725	25,154

* Effective March 1, 1969

** Approved April 15, 1970, retroactive to Dec. 27, 1969

¹ It should be clearly understood that the percentages shown in this portion of the table are those reflecting the total increase over the period of years shown. Because of the "compounding effect," any particular cumulative percentage increase will exceed the sum of the individual annual percentage increases during the period covered.

² These cumulative losses are the total dollars not received by the judges since 1969, because they did not receive the annual increases each year which were received by employees in the General Schedule. The \$24,613 total for district judges, for example, reflects the total not received by those judges since 1969--first, the \$2,400 increase indicated for them by the 6 percent increase awarded to the General Schedule employees on December 27, 1969,--And this \$2,400 loss was experienced for each of the four years, 1970, 1971, 1972, and 1973. Secondly, the next increase, granted on January 11, 1971, was also lost to the district judges for a three year period, beginning with the year 1971, etc.

***PRIVATE INDUSTRY PAY INCREASES

		Technical Professions (GS-15 Equivalent)		Union Journeymen (Average of 27 Construction Crafts)
1969		\$27,092		\$12,209
1970	2.4	27,731	11.4	13,600
1971	-0.1	27,714	11.6	15,142
1972	11.2	30,827	# 7.0	16,224
1973	# 5.0	32,368	# 7.0	17,360

Projections

1974	5.0	33,987	7.0	18,575
1975	5.0	35,686	7.0	19,875
1976	5.0	37,470	7.0	21,266
1977	5.0	39,344	7.0	22,755
1978	5.0	41,311	7.0	24,348

Cumulative Increase

1973 over 1969	19.5	5,276	42.2	5,151
1974 over 1969	25.4	6,895	52.1	6,366
1975 over 1969	31.7	8,594	62.8	7,666
1976 over 1969	38.3	10,378	74.2	9,057
1977 over 1969	45.2	12,252	86.4	10,546
1978 over 1969	52.5	14,219	99.4	12,139

*** Bureau of Labor Statistics Data

Bureau of Labor Statistics Estimate



LAW DEPARTMENT
Washington, DC 20260

July 9, 1973

Dear Mr. Chairman:

This report concerns S. 1989, a bill "To amend section 225 of the Federal Salary Act of 1967 with respect to certain executive, legislative, and judicial salaries", which is expected to pass the Senate soon and be sent to the House where it undoubtedly will be referred to your Committee.

Section 225 of the Federal Salary Act of 1967 provides for a Commission on Executive, Legislative, and Judicial Salaries appointed every four years to review compensation of certain government officials. The Commission makes recommendations concerning adjustment of such compensation to the President, who considers them and then submits his own recommendations to Congress. The bill would amend present law by: (1) requiring appointment of the Commission every two years rather than every four years, (2) establishing a mechanism to expedite consideration of the President's recommendations by Congress, and (3) making certain changes with regard to which officials are covered by the statutory procedures.

The Postal Service agrees there is a need to provide expeditious means for making equitable adjustments in the compensation of top Government officials. For this reason, the Service objects to the provision of the bill that would remove the pay of the presidentially-appointed Governors of the Postal Service from the Salary Commission's review by deleting the present reference to the Governors in section 225(f)(E) of the Salary Act. See 2 U.S.C. 356(E).

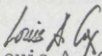
If the pay of the Governors is excluded from review by the Commission, it will be frozen at the level set by 39 U.S.C. 202 until an act of Congress amends that statutory provision. Although the Postal Service does not necessarily consider their present level of compensation inadequate, there is no apparent reason why the Governors should be denied the benefit of the administrative salary review procedures applicable to other top Government officials.

We have been advised the pay of the Governors was not included in the bill because they serve on an intermittent part-time basis, while others whose pay is subject to Commission review are full-time officers. There would appear to be no inherent reason why the Commission could not evaluate the pay of part-time officers and make recommendations thereon. Moreover, in view of the unique character and importance of their positions, the fact that they are part-time officers does not appear to be an adequate reason for omitting the pay of the Governors from the scope of Commission review. They are the ultimate authority in the Postal Service, since they appoint and may remove the Postmaster General and constitute, with him and the Deputy Postmaster General, the Board of Governors, charged with the direction of the exercise of the powers of the Postal Service. The inclusion of their pay in the scope of the Salary Commission's review by the Postal Reorganization Act was in recognition of the importance of the positions they occupy and of the need to adjust their pay along with the pay of other top officials, without requiring legislative action. Leaving the statute as it now stands does not, of course, obligate the Commission to recommend an increase in compensation for the Governors if such action does not appear to be justified.

The Postal Reorganization Act granted broad independent authority to the Postal Service to determine administratively or through collective bargaining the pay of postal employees. It would be completely inconsistent with this action to tie the Governors' pay more rigidly into statute than that of other top officials working in agencies whose operations are not nearly as independent as those of the Postal Service.

As a technical matter, if the present provision of the Salary Act including the pay of the Governors -- section 225(f)(E) -- is retained, section (3) of the bill should insert into the Salary Act a new subparagraph (F) rather than replacing subparagraph (E) as it presently does. In addition, corresponding changes should be made in sections (4) and (5) of the bill to correct the inadvertent omission from the Salary Act of references in sections 225(g) and (h) to section 225(f)(E), and to reflect the addition of section 225(f)(F) by the bill.

Sincerely,


Louis A. Cox
General Counsel

Honorable Thaddeus J. Dulski
Chairman, Committee on Post Office
and Civil Service
House of Representatives
Washington, D. C. 20515

Mr. DULSKI. I am pleased to have as our first witness, the Honorable Robert E. Hampton, Chairman, U.S. Civil Service Commission.

STATEMENT OF HON. ROBERT E. HAMPTON, CHAIRMAN, U.S. CIVIL SERVICE COMMISSION, ACCOMPANIED BY FRANK S. MELLOR, CHIEF, SALARY POLICY SECTION

Mr. HAMPTON. Thank you, Mr. Chairman.

Mr. Chairman and members of the committee, I appreciate the opportunity to appear this morning to present the views of the administration on S. 1989, a bill designed to improve the present procedure for adjusting the salaries of the Government's top officials.

The Commission on Executive, Legislative, and Judicial Salaries has submitted its report on new salaries to the President on June 30. Under present law, he will review this report and transmit his own recommendations on new salaries for top officials to the Congress next January as a part of his budget message.

If neither House of Congress disapproves the President's recommendations in the following 30 days, his recommendations will go into effect.

S. 1989 would change this timetable. Under this bill, the President would transmit his recommendations to Congress by August 31, and the new pay rates, unless disapproved by either House of Congress, would go into effect about October 1, or on such later date as the President might recommend.

Under S. 1989, this whole adjustment procedure, including the establishment of the Commission on Executive, Legislative, and Judicial Salaries, would occur every 2 years instead of on the present 4-year cycle.

Also, this bill would add the salaries of seven offices to those presently covered under this adjustment procedure. These seven are the Vice President of the United States, the Speaker of the House of Representatives, the President pro tempore of the Senate, and the majority and minority leaders of both the Senate and the House of Representatives.

We view all of these changes in the adjustment procedure for the salaries of the Government's top officials as highly desirable and we strongly support them.

In particular, the change from a quadrennial to a biennial review and adjustment is a considerable improvement, since more frequent reviews and, if warranted, adjustments, will enable us to avoid increases of the size of the 1969 pay increase, but still allow us to maintain appropriate salaries for the Government's leaders.

The bill would allow these pay adjustments to be effective at the same time of year as the annual comparability adjustment for the General Schedule and the related statutory pay systems which would enable us to better maintain appropriate pay relationships between employees under the General Schedule and their superiors under the Executive Schedule.

In summary, through changes in timing, in frequency, and in coordination with other Federal pay adjustments, S. 1989 would provide very worthwhile improvements in the adjustment procedure for the salaries of the Government's top officials.

Mr. Chairman, we would be glad to answer any questions that the committee would want to ask us.

Mr. DULSKI. Mr. Hampton, I understand that both you and the Office of Management and Budget strongly support this legislation. Does it have the support of the White House?

Mr. HAMPTON. Yes, sir.

Mr. DULSKI. If the legislation is enacted, would it follow automatically that the top salary rates would be adjusted next October as all the newspaper stories seem to indicate, or can we expect the President to make his recommendations in August, containing the provision to place the salary adjustments in effect next year?

Mr. HAMPTON. Mr. Chairman, the President has not reviewed the recommendations of the committee—rather, the Commission, and has not made any decision in terms of the amount of any such pay increase nor any effective date.

Mr. DULSKI. Would you agree that this bill will not provide for salary adjustments next October and that the effective date of any adjustments is entirely up to the President?

Mr. HAMPTON. The effective date of the next adjustment would be dependent upon the President's recommendations, subject to disapproval of either the Senate or the House. But the initiative on the effective date under this bill and under the law now in existence rests with the President.

Mr. DULSKI. Thank you, Mr. Hampton. Mr. Gross.

Mr. GROSS. Mr. Chairman, is it proposed to have the Office of Management and Budget represented at these hearings now or later?

Mr. DULSKI. As I understand it, we have a letter from Mr. Wilfred H. Rommel, Assistant Director for Legislative Reference, Executive Office of the President, Office of Management and Budget, which I already have inserted in the record.

Mr. GROSS. Mr. Chairman, I can read that letter. The point is that I would like to look at these people and have them tell me that in view of the financial crises that confronts this country, that they are prepared to support this kind of a pay increase, the terms and conditions of this pay increase.

I would hope that there would be someone here, preferably the Director of the Office of Management and Budget, Mr. Ash.

I assume that someone could be here speaking for the Chairman of the Civil Service Commission and—

Mr. HAMPTON. Mr. Gross, would you like me to comment on that?

Mr. GROSS [continuing]. Speaking for the Civil Service Commission in saying that the Civil Service Commission also joins in this representation that we make.

But I doubt that the committee will be satisfied with this second-hand endorsement by the Civil Service Commission under those circumstances.

Does the gentleman wish to say something?

Mr. HAMPTON. Yes, sir. Mr. Gross, in my statement, I said that I was presenting the views of the administration and not solely those of the Civil Service Commission.

I participated in the discussions in the White House on the support for the S. 1989, and it was decided that I would be the person who

would present the administration's views so I am speaking for the administration as a whole and my statement has been clear.

Mr. GROSS. But you would hardly be expected, Mr. Hampton, to speak with the definiteness of the Office of Management and Budget with respect to the fiscal conditions of this country, is that not true?

Mr. HAMPTON. No, sir. I am not an economist nor a budget expert.

Mr. GROSS. Well, that is the point exactly.

Mr. Chairman, I would like to renew my request that we have the Director of the Office of Management and Budget before the committee.

In 1969, Mr. Hampton, the President recommended and the Congress approved almost a 42-percent increase in pay for the Members of Congress. This, in effect, triggered a nationwide demand from both the private and public sector for increased wages and escalated the inflation, and while our economy is already experiencing now an uncommon rate of inflation and while we will continue to receive Presidential admonitions on curbing wages and prices, why do you come before us to suggest, of all things, a request which would add fuel to the fires of inflation?

Mr. HAMPTON. Well, Mr. Gross, I have tried many, many times to look at a study or comments by experts on questions of whether or not Federal pay adjustments are inflationary.

There is no evidence that has been presented in any study by economists that can tie Federal pay adjustments—and that includes executives—to trigger inflation.

The adjustments that have been made in the Federal pay are adjustments that follow, rather than lead private enterprise. They are adjustments that are based upon figures that are gathered in the private sector. As far as this bill is concerned, we are dealing here with mechanics and procedures and not specifically with any amount of a pay increase. But I know from our conversations that you feel that this is an invitation to a pay increase.

Certainly it is an invitation to a pay increase on a timely basis. In our economy, I know of no group, other than for a short period of time during the freeze, that has not had their pay adjusted.

Since the last pay adjustment for executives, members of the judiciary and the Members of the Congress, the pay of classified employees and other employees in the Federal sector have gone up in excess of 35 percent.

In addition, the annuities received by retired people in this same timeframe have increased by 30 percent.

The cost of living and the cost of living index has increased 23 percent.

As I mentioned earlier, I know of no groups in the private sector that, in this time, have been denied pay increases.

So I mean I feel that the principal Government officials in this very powerful and rich country of ours, responsible for expenditures over \$250 billion or \$260 billion, should at least keep even with the rest of the world.

I think we need good management. I think we need to attract good people, and I think that their pay should relate somewhat to the responsibilities and the accountabilities that they have.

Since 1971, the top career executives in the Federal Government, and I emphasize I am talking about career employees have not received any adjustment in their pay.

In 1972, that came to include GS-17's, and now we have a compression that goes down to—we have one pay rate for every one in grade 16, step 6 and above, 17 and 18, and level V.

When you put all of these factors together, I cannot see how this would be inflationary.

Now, I think that any adjustment that the President may recommend would be consistent with the guidelines issued during the economic stabilization period, but that is an issue in terms of the amount, in terms of the timeliness and not so much the mechanics which this particular bill deals with.

But I think on that issue of the pay increase, I think it is needed. I think it is justified, and I would strongly support it even though I may lose on the issue in the long run.

Mr. GROSS. Well, in view of your statement, how do you reconcile the fact that the administration continues to urge the private sector to hold a 5½-percent wage guideline, continues to urge the Congress to hold the line on Federal spending, and you, as a spokesman for the administration, come to the committee with a recommendation for a biennial review of executive, judicial, and legislative salary increases?

Mr. HAMPTON. In terms of overall budget, I do not think that the amount of money that is involved here is significant and would be absorbed. We would not require additional expenditures, at least speaking for the executive branch. You will have to address that question to the people from the Administrative Office of the U.S. Courts, as far as the judicial is concerned.

Mr. GROSS. That is a good deal like saying gasoline tax is a small tax upon the basis of the tax per gallon.

But it seems to me, to build up considerably in the cumulative, does it not? What are you saying? That a salary increase is infinitesimal? It means nothing?

Mr. HAMPTON. No; I would not say that it did not mean anything. I mean money is money, as far as that is concerned.

But I think that when you have a group of men that are providing the leadership and the energy and so forth to run this Government, to make it better managed, I do not think that they should be singled out to be denied an opportunity just even to keep up with the cost of living when, even under a stringent economic program, no other group has been so denied.

Mr. GROSS. Of course, this is the rat chasing its tail. If you continue in the Federal Government to set the pace with 20 percent, or 42-percent increases in the Federal Government, what do you expect in the private economy?

How do you meet the dire threat of inflation, when it has chopped the dollar down to 31 cents already, by your statement?

Mr. HAMPTON. Well, as I mentioned earlier, sir, I am not sure we can relate this directly to the cause of inflation.

Mr. GROSS. Well, I do not want to take up all the time.

Mr. DULSKI. Mr. Hanley.

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

Chairman Hampton, it is always a pleasure to see you aboard, and I commend you for your statement.

The Congress, a few years back when it had the opportunity to make this adjustment on a very objective basis, declined to do that.

I refer to Mr. Udall's proposal of several years ago, when it was proposed when the salaries of the executive and the legislative branches would have been adjusted on a annual basis, in accord with that, so would the entire Federal fraternity. That was what it should have done.

Unfortunately, the Congress itself defaulted and did not act in the affirmative at that time. So it seemed to me then that the only other option we had was under the commission approach.

It is very interesting as you read the statistics related to the history of congressional pay increases, the fact that over a period of 100 years, mind you, dating back to 1873, this body has had but nine increases.

So with that thought in mind, how can you possibly avoid the large percentage increase because of this inadequate mode of operation, this obsolete mode of operation that we embrace here.

If we had, only a few years ago, moved in the direction of Mr. Udall's proposal, we would have once and for all laid this matter to rest and what adjustments were appropriate for the times would then take place.

If the economy happened to go down, well then salaries would have been decreased accordingly. And if the economy inflation prevailed and economy moved up and inflation prevailed, salaries would have been increased accordingly.

But we did not see fit to accept that very rational objective then. Thus, we do not have much in the way of other options but to move in this manner.

The private sector, as we know, virtually adjusts their contracts every year; every year, and that being the case, it is reasonable to believe that over the course of the last century, almost 100 times, salaries have been adjusted.

But with regard to this body, it is really inconceivable to think that over that period of a century only nine times has this matter been adjusted. So I commend the concept, that at least it would be done every 2 years and I would hope very much we would get to the point where it would be done each year so that we would not run into this large percentage difference which poses a bit of a problem.

Just a question, Chairman Hampton. Do the agencies have a problem retaining top quality talent because of the ceiling imposed, the salary ceiling?

Take the example of an attorney who is employed by the Federal Government and who is going to prosecute a case in behalf of the citizens of America, he presents himself in that courtroom and he is matching wits with an attorney from the private sector whose income might be well in excess of \$200,000 or \$300,000 a year, and this fellow who is supposed to match wits with the fellow in that category might be only getting something like \$35,000 or \$36,000. With that thought in mind, do you have a problem retaining good talent?

Mr. HAMPTON. I think we do, Mr. Hanley. I think that it has been aggravated in the last 2 years by two things.

One, the compression. There is no opportunity to provide any monetary incentive to an individual in the top three grades. They are all essentially the same salary level.

Couple that with the fact that you have a retirement cost-of-living increase. He can look then at his salary, his years of service and see the 6-percent annuity increase, and he looks at his own record and he comes to the conclusion that, faced with the static pay, it would be better to go out on a reduced annuity since he would have to stay for 2 years, and that will vary from 18 to 24 months, depending on a lot of factors, just to have that same annuity if he stayed on board.

So the good man, the man who has a very remarkable talent, and that has obligation at this stage in life, when he is educating children in college and he is toward the end of his career and because he is a senior official, the incentive is to go out and take that reduced annuity and then draw another salary during those years.

I don't recall the exact number of people that went out last year in the supergrade levels, and we do not have the figures this year. But I did gather the figures for the Commission on Legislative, Judicial, and Executive Salaries on the number of career executives who left and it was about 300. That is roughly 7 or 8 percent because we are talking of around 4,000 career supergrade people.

In addition, from my own experience of reviewing background qualifications of people coming into the Federal service from outside and even looking at some of the résumés of these young people, the White House fellows, I found that top talent like that is making considerably more than the people earn in Federal service and with considerably less experience.

I think if you are going to have good management, if you are going to call on the Government to be efficiently managed, you are going to have to pay for this talent. You are going to have to pay the going rate.

I feel, as when I testified in the Senate, I do not run for office, and I do not know what the sting of the voters is to a Member of Congress who raises his own pay.

But the very nature of duties that Congress is involved in has changed, and you do not have a session that starts anymore in January and ends on June 30, and you are almost in a continuous session and traveling around. I think that people who are inclined to run for public office should not be just those people who can afford it but I think anybody who runs for public office should have adequate recognition. So I support this idea; I think a Congressman or Senator who comes here should expect to be compensated.

Mr. DULSKI. Any more questions?

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

Mr. DULSKI. Mr. Hillis?

Mr. HILLIS. I have no questions at this time, Mr. Chairman.

Mr. DULSKI. Mrs. Schroeder.

Mrs. SCHROEDER. I just wanted to ask a couple of quick ones.

How many people will this pay raise affect? Do you have any rough estimate in numbers?

Mr. HAMPTON. Well, it would affect all the Members of Congress. In the judiciary—well, that would be 535 in Congress. Mr. Sweeney will have to answer that question as far as the judiciary is concerned.

In the Federal Government, there are around 500-odd Presidential appointees who will be affected.

In the supergrade levels, we are talking about 1,800. That would include both quota and nonquota supervisors. So that would be 2,300, 500; that is around 2,800 for the executive and the legislative branches and others whose pay might be affected in the long run.

Mrs. SCHROEDER. And you say there are about 500 that are Presidential appointed heads of agencies?

Mr. HAMPTON. Yes; if you would like, I will get the specific figures and provide them to you.

[The following was furnished:]

The executive pay adjustment will directly affect the pay of those positions that are either in the Executive Schedule (subchapter II of Chapter 53, title 5, United States Code) or are paid at Executive Schedule rates. The number of positions are as follows:

Level I-----	11
Level II-----	45
Level III-----	73
Level IV-----	297
Level V-----	199
Total -----	625

In addition, there are more than 100 ambassadors and other top representatives of the United States Government abroad who are paid at Executive Schedule rates. The U.S. Postal Service also has a number of officials who are paid at rates up to the rate for level I of the Executive Schedule.

Of our career employees below level V of the Executive Schedule, we estimate more than 5,000 are currently having their salaries limited by the \$36,000 ceiling. This includes 2,885 employees in the top three grades of the General Schedule, as well as employees under other statutory and administrative pay systems.

Mrs. SCHROEDER. I also wondered, what is the present gap now between the supergrade level, monetarily? Is there any way to do that without going through all the steps?

Mr. HAMPTON. Yes; I have the figures here.

Mrs. SCHROEDER. I would appreciate it.

Mr. HAMPTON. The salary of a GS-18, based upon comparability figures, should be \$41,734, and he is presently getting \$36,000. So there is a gap there of \$5,734.

The grade 17—there is a gap in all rates of the grade.

Mrs. SCHROEDER. The thing that concerns me about this is if you move the top level up, then it seems that there is no pressure, there is no further pressure to keep them moving all the grade levels up proportionately, and I wonder if you would not be setting a bad precedent at this time when we are trying to hold the line on spending. So the immediate impact, what I am saying of S. 1989, may not be so much, but in the long range, by relieving this pressure, may be much more so.

Mr. HAMPTON. The relationship here is downward, as your compression moves down, rather than upward. The first 15 grades are based upon paying salaries under the comparability principle, as they relate

to what we find being paid in the private sector, and so regardless of what would happen to the top, we would continue to adjust those salaries on the comparability principle for the first 15 grades.

What is happening is, as we adjust those salaries consistent with the existing law, the compression moves down because we are bumping into a ceiling established by law which relates to GS-18, the executive level V. So if you project into 1977, using the types of figures that are available to us today and, say, you have the same rate and rise in cost of living, and you have the changes reflected in private industry salaries, the compression could go down in 1977 to grade 14.

The problem, I think, as you have presented it is that there is an upward creep in salary, and that is correct. But as long as that is present in the private sector, it will be reflected in the public sector.

Mrs. SCHROEDER. So you are really saying that it is conceivable that GS-15's could be making more than the 16's, 17's and 18's if we were not to pass this bill?

Mr. HAMPTON. No; we would go down to—I mean, we would adjust the salaries of any of the other levels in the general schedule until they reached the statutory ceiling.

So it is conceivable that all of the upper levels, 14, 15, 16, 17, 18, and executive level V, would all be of one salary range by 1977.

Mrs. SCHROEDER. I see. So it would be one. But there would not be any way that a GS-14 or 15 could go higher than an 18, et cetera?

Mr. HAMPTON. No.

Mrs. SCHROEDER. Thank you very much, Mr. Hampton.

Mr. DULSKI. Mr. Mallary.

Mr. MALLARY. Mr. Hampton, I gather from your statement we are dealing largely with questions of procedure rather than dealing also with the presumption that there would be a recommendation calling for an increase.

Can you provide for us—and probably it is difficult now—a rough estimate of what the different percentage of increases under recommendation might mean in terms of total budgetary impact?

Mr. HAMPTON. I cannot at this time, because I have no idea. I have not seen the final report of the Commission that went to the President.

We will be having discussions on that with the Office of Management and Budget and the White House Staff, to prepare recommendations for the President's consideration.

At that time, we will then be able to provide any cost figures on whatever the President may recommend.

Mr. MALLARY. I assume that probably the timing of an increase in pay is not of great importance within the general civil service or within the executive categories or within the judiciary; in other words, does it make any difference whether pay increases occur in January or April or October?

Mr. HAMPTON. We have not really addressed ourselves to the question of timing.

But my personal inclination, should I be asked in these discussions, would be to relate it to the next adjustment in the general schedule pay and no decision, of course, has been made there.

We are in the midst of meeting with the Federal Employees Pay Council, in accordance with the terms of law, as to when the next

Federal pay adjustment will be made and what the comparability figures show.

The most orderly way, from a management point of view, would be to adjust the salaries on the same date. But I do not think that the President is bound by that. I think that his decision will have to relate to the economic situation and be consistent with economic stabilization guidelines and what those may be under phase 4 and all. I just do not know, sir, at this time.

Mr. MALLARY. There has been a tradition in several States that salary increases for members of a legislative branch, which either directly or indirectly approves those increases, do not take effect until after the next election of the new group is settled. This may be ill-said. Maybe this is largely a political question and not one that relates to your testimony. But would you like to comment on that as a procedure?

Mr. HAMPTON. Well, if I were to have the privilege of exercising a political judgment, I would say make it effective before January 1974 because then you are out of an election year. The only other choice that you would have would be going into 1975. You are talking about making it effective in another Congress, in which case we are living with the compression situation for another 18 months.

Mr. MALLARY. Thank you very much.

Mr. DULSKI. Mr. Waldie.

Mr. WALDIE. Mr. Hampton, why can't we do this annually instead of biennially?

Mr. HAMPTON. I really agree with what Congressman Hanley says. I think it should be done and reviewed annually because I think, very definitely, there is a relationship between General Schedule pay and executive pay and the pay of other individuals, particularly, I think, when we have an inflationary situation.

Mr. WALDIE. Well, if we do it for all other Federal employees on the basis that we want to keep vital employees, then that makes real sense to me.

But the people that really make most of the policy decisions as to where the vast numbers of Federal employees shall move, we apparently do not seek comparability with their counterparts in the private industry, and I would expect you would have that in the range you alluded to as an inevitable result of that failure, and I have never understood why we made it a 4-year review in the first instance and, now, why we want to reduce it to a 2-year review, why it cannot be annual. I do not see what the principal difference is.

In fact, it would seem to me—and I have been struck with this since I have been in Congress—that we pay little attention to the cost of materials for Government; that is, there is some concern about over-rides in Defense contracts but it never seems to manifest itself into too much action.

But as to the heart of Government, which is the service component, we have a great deal of concern. And we always, I think, politically posture on that issue to show what great economists we are; and, thereby, we might starve the public system of its competent people and we ought not to do that.

I personally am convinced that the executives of the Federal Government are clearly among the most important and maybe the most important function of Government. If you have incompetent executives or vulnerable executives, both of which consequences would follow from inadequate pay, you deteriorate the entire standards of the Federal service in the Government.

Clearly, those same results occur in the judicial system.

In the legislative system, it seems to me that we are kind of sole proprietors. We do not have to accept any pay raises granted. Some of us, my colleagues and I, in the past, have refused pay raises. During the last pay raise, as I recall, one or two did refuse it. And there is no reason for a person to make a judgment as to what he is worth. I personally lean to the positive on these issues. And although it is not true that I have gotten the pay raises that came through, I suppose if one came through that was excessive, I might in modesty say I was not worthy of that. But I probably would take it anyway.

The point I am making is that the executive and judicial branches are important and it is essential that we attract the top people we can get.

It is equally important, I think, in the political end of the legislative branch that we attract the top people. But they come into that field for less reasons than money, I suspect. I doubt, if no one received a pay raise, that there would be a mass exodus of Congressmen and Senators from employment; whereas, if the judicial and executive branches did not receive pay raises, I suspect that there would be a mass exodus.

So I think it is unfair—we, as politicians—for us as politicians to politically posture on that issue because we are concerned with the reaction of the public to our pay raises and cause the executive and judicial employees to suffer from our humility, and I hope the Congress will either separate legislative pay raise from the judicial and executive branch pay raises, that it will be considering those two separate, or else stand up to the political pressures that might accrue to them for having raised their own salaries.

I think it is essential for the Federal Government's integrity that the judicial and executive salaries be increased and I support the measure.

Mr. HAMPTON. Could I make one comment, Mr. Waldie?

Mr. WALDIE. Yes.

Mr. HAMPTON. I agree with what you say very much, and I think the Commission on Executive, Legislative, and Judicial Salaries has some interesting figures about Presidential appointees.

There are many Presidential appointees who come in, in many cases, at salaries considerably less than the salaries they earned outside the Government. They stay here in Washington a very short period of time.

Now, they have some figures that the Commission has on the tenure of the Presidential appointees, and many that I talked to, I find, say, well, it sounds good to make that sacrifice. But after they make that sacrifice for a period of time and they find that they get a salary of \$36,000, \$38,000, \$40,000—and it may sound like a big figure—they find themselves working very long hours and they find that many of

their expenses which they may have considered as a normal expense businesswise comes out of their own pocket; that they have had moving expenses to Washington and that, financially, they are beginning to be pressed.

They have to face up to the fact of, "How long can I continue to make this sacrifice and serve, or should I go back?"

I would say that the average tenure—which I forget the figures, and I would prefer that you ask the Commission because they have the most recent ones which I think reflect this. For the needed caliber of management we should have a longer tenure of top executives.

I know of no corporation in this country that could operate with the continual flush out of top executives that we have in the Federal Government. I am talking about the gut management skills that it takes.

Mr. WALDIE. Let me comment once more on both the executive and judicial branches.

We, in the Congress, have said that they shall not have any other income, any other employment. So it is assumed that their salaries are their entire income out of that.

But we have not simply restricted ourselves. Many of us have law firms. Many of us share business expenses. Many of us run farms. Many of us manufacture or are in business.

So it is reasonable to assume, therefore, I suspect, that our needs may very well be less than the executive and judiciary salaries and the public may very well be justified and irritated at a Congress who will not restrict its Members to doing just the job of a Member of Congress and, therefore, be irritable about the salaries that are essentially part-time jobs if we are permitted, and do, in effect, engage in other business activities.

But the public's irritation with our rule in the salary schedule ought not to cause us to deny those whom we have restricted from any other income from any other activity, judges and executive branch people, from being properly compensated.

And I sense that the legislative branch has been included in this pay package, in part, "for our inability to stand up on our own salary increase," and that is a little bit hypocritical on our part also. But that hypocrisy ought not to result in our rationality there is deserved recognition of judicial and executive salary increases.

Mr. DULSKI. Mr. Hogan.

Mr. HOGAN. Thank you, Mr. Chairman.

I agree with the points made by the gentleman from New York, Mr. Hanley, and the gentleman from California, Mr. Waldie, about the annual increase.

Frankly, I do not think S. 1989 solves any problems at all.

The suggestion made by Mr. Hanley is that these other executive salaries ought to be keyed to the cost-of-living increases which other Government employees receive.

It seems to me this is a much preferable method for raising pay if it is justifiable.

Now, I came here in 1969 as a freshman just at the time the Salary Commission was recommending its previous pay raise and, at that time, they recommended a \$50,000 salary for Members of Congress

and others in the executive branch and, feeling that the American people would not stand for that gargantuan increase, \$42,500 was the figure that I got.

Now, at that time, in a somewhat pompous way, I opposed the pay increase and supported the gentleman from Iowa, Mr. Gross, in his efforts to bring it to the floor for a vote so we could vote it down.

I recall very vividly the gentleman from New York, Mr. Brasco, lecturing me before this committee at that time. He had 2 additional years of wisdom under his belt at that time and knew some of the problems involved and I, at this point, know some of the problems involved which, in my naivete, I did not know.

I then observed that other Government employees in that same period of 4 years had received a 35-percent increase in salaries. Members of Congress and the others covered by this legislation buy their groceries at the same store. They buy their automobiles from the same dealer and are subjected to the same kinds of increases.

I, frankly, think it is a bad situation to create the kind of atmosphere where only millionaires, those of independent means, can serve in Congress or the Senate or in executive positions in the Federal Government. We all know that a very high percentage of people in this category are millionaires.

But it seems to me that we lose in public service a great deal when, and if, we create the situation where only someone of independent means can serve the Federal Government, and we almost are in that situation.

Now, all of us who came from the private sector see our own personal finances eroding year after year after year while our contemporaries outside continue to have increases and are making substantially more money than we are.

Now, those of us who assume public service recognize that there are sacrifices which have to be made and nobody goes into politics or even the executive branch for the monetary awards. It is a gratification that those who do not have this motivation do not really understand. But it does not have anything to do with money.

But I have seen my colleagues in very serious financial situations, trying to educate their children in college and having to borrow money and mortgage their future just to be able to afford for their children what their contemporaries in the outside world just take for granted.

So I think that we have to face up to this, even though it is a political liability for an elected official to have to make a decision such as this. I think we have to, as the gentleman from California said, take a look at the merits of the situation rather than the politics of the situation.

I, frankly, think we ought to go further than this bill. I do not think it solves any problems. I believe that this committee ought to go forward with legislation which ties these executive salaries to the same kind of escalatory increases that other Government employees get. I think we saw many of the problems incidental to this.

Public service will never be on par with private industry. But we ought not to require our public officials to make the inordinate sacrifices for the privilege of serving the public.

I would like to ask you, Mr. Hampton, what your reaction would be to rejecting this kind of approach and, perhaps, abolish the Com-

mission entirely. Because if we would do this, we would have no further need for this Commission.

Mr. HAMPTON. Well, that would be beyond any comprehension that the Congress is willing to do that, and I think there could be a more desirable way of justifying—I think the adjustments would then be less dramatic and less subject to criticism, and it would be an expected thing, a thing that relates very specifically to the relationships within the management structure, responsibility and authority, and I think that is a good thing.

The bill, as presented, appeared to be a reasonable compromise to going from what the original Udall proposal was which, I thought, was a good idea at the time it was presented and rejected. I do not think the system can stand the continual pressure of compression on a 4-year cycle; that any adjustments that are made, as long as we tie the executive and legislative salaries together, are going to create a compression situation and it may be good to come out from under it.

The 2-year thing, this bill as it is written, I think is satisfactory and sets up adequate machinery. There is a better way. Whether or not that is acceptable, that is something the Congress would have to determine.

Speaking solely for myself, I have never discussed this with other members of the Commission, I would be inclined to recommend to the President the support of a yearly adjustment relating to the General Schedule and what goes on in the private sector. It would be even less dramatic if we ever could return to a static noninflationary economy.

But, I do not see—judging from inflation around the world, and that it is going on in every country in the world, the United States probably has a lesser rate of inflation than many of the others, which is to say, than some of the European countries going up to 28 percent. So we are not as bad off as some of the other countries.

With a more stable situation, I think it would be very politically acceptable and much less dramatic and more realistic.

Mr. HOGAN. I agree that S. 1989 is preferable to the current situation, but it does not go far enough.

Mr. DULSKI. Mr. Brasco.

Mr. BRASCO. Thank you, Mr. Chairman. I just want to say that I stand by the discussion I had with my good friend, Mr. Lawrence Hogan, when this issue was last before us.

I believe the legislation before us is both needed and justifiable, and I intend to support it fully in the committee and on the floor of the House.

Thank you, Mr. Chairman.

Mr. DULSKI. Mr. Hinshaw.

Mr. HINSHAW. Mr. Hampton, would you enlighten me a little bit as to why the current provisions did not seem to work well as in 1968-69 when first discussed?

Why do we now have a year's lag in the recommendation?

Mr. HAMPTON. Are you talking about classified pay, sir?

Mr. HINSHAW. I am talking about the Commission recommendations upon which the President may make recommendations and Congress could then act.

As I recall, the original recommendations were made before the end of December 1972, is that correct?

Mr. HAMPTON. The authority to appoint the Commission says that the Commission would be established on such and such a date. I do not have that date in my mind.

Maybe the representatives of the Commission here today would give you that exact referenced date. But the Commission was not constituted until December, I think, of 1972 with the reporting date of June 30, which was in the law. And the President, for reasons unknown to me, did not constitute the Commission earlier.

Mr. HINSHAW. Well now, is there anything in the bill that we are discussing today that would cure the defect of the President not appointing his nominees or his appointees to the Commission so we would not have the kind of a lag that we currently are experiencing?

Mr. HAMPTON. Yes, sir; because it requires a reporting date to Congress in a specific period of time; whereas, the current law has a less firm timetable.

Mr. HINSHAW. I made some notes when you were talking about action, and I have some questions that go to that. One is a question of whether or not subordinates might be making more than the superiors in the supergrades, which they do not according to your comments.

Mr. HAMPTON. The situation we have there, sir, is that we have subordinates making the same thing, rather than the subordinates making more.

Mr. HINSHAW. Do you have any feeling as to whether or not the salaries of the legislative, executive, and judicial should be related to States and local governments, as opposed to private industry?

Mr. HAMPTON. The Commission, in gathering material, did gather material from States and local governments, as to what they paid people in the executive categories. I am not sure about the State legislatures. There is considerable difference between the State legislatures and the Federal.

Mr. HINSHAW. In that regard then, would it be possible for some States where the legislature does set its own salaries, to appear to be reluctant to face up to the same type of political decision that we are faced with here, the timing that goes along with those of private enterprise, would that have any pressing effect upon the recommendations, as opposed to just comparing with private enterprise?

Mr. HAMPTON. I am not sure on what basis the Commission made its comparisons. As I say, I have not seen their report. But I am not sure that they even made any direct comparison with what private enterprise paid.

I think they looked at the percentages of adjustments in executive pay in the private sector, rather than the amount because I think, as has been mentioned by other members of the committee, there will probably never be any direct comparison between executives in the upper levels of the Federal structure and in industry. It just would not be feasible to do that.

Whereas, you would have the president of General Motors making a salary of two hundred and some odd thousand dollars a year or more, plus stock options, if you were to compare that with the Secretary of Defense, it would not be a feasible comparison.

What we relate to, more than anything else, is the relationship to the upper levels of the general schedule where we do make compari-

sons, and we try to maintain some sort of a relationship there by extrapolating data. But it is more of a smooth curve than it is in industry where you jump off the scale at the other end.

Mr. HINSHAW. Well, in your capacity as Chairman, are you principally concerned then with just the GS-17, 18, and 19 levels?

Mr. HAMPTON. No; I am concerned, as well, with the executive pay in terms of my testimony here.

Mr. HINSHAW. I was thinking in terms of your direct capacity as Chairman of the Civil Service Commission.

Mr. HAMPTON. No, sir, I have nothing to do with executive pay setting. In the traditional way, the Civil Service Commission gathers most of the statistical data, is responsible for reviewing this and making recommendations to the President. But the legislative body sets those salaries.

Mr. HINSHAW. Well, did the Civil Service Commission have input into the other Commission that we have been discussing?

Mr. HAMPTON. Yes, sir, we did. We provided statistical data upon their request.

Mr. HINSHAW. Well, in the input that you have, do you compare private industry and local governments with recommendations or other kinds of suggestions to the Commission?

Mr. HAMPTON. We gather information, yes sir, on the State and local government salaries.

Mr. HINSHAW. Well then, what I am interested in, to go back to my previous question, is, if you did compare with local government and others and prepared data on that, did you make any allowance for the fact that some States and local governments, where the government set their own salaries, are reluctant to increase their own salaries and thereby have a depressing effect on the data that you would pass on to the Commission?

Mr. HAMPTON. No, sir. We gave a factual report of figures that were in existence mainly for executive positions.

Mr. McAfee could answer more specifically what may have come out of any type of legislative salaries that were paid in the State and local governments.

But from earlier years and discussions about this, there is no real direct comparison between the State legislatures, the conditions under which they serve, and what they do in Congress—what Congressmen and Senators do in the Federal Government.

Mr. HINSHAW. Thank you, Mr. Chairman. No further questions.

Mr. DULSKI. Mr. Rousselot.

Mr. ROUSSELOT. Thank you, Mr. Chairman.

Mr. Hampton, we appreciate having your advice here today. Do you think it is wise to spend a half million dollars every 2 or 4 years for the Commission to go through the motions of making recommendations when, actually, these same studies and recommendations, the capabilities, are within the framework of the Commission? I mean, the Civil Service Commission. It is there, isn't it?

Mr. HAMPTON. Yes, sir, it is.

Mr. ROUSSELOT. Well then, would you object to consideration of abolishing the Commission?

Mr. HAMPTON. I think that one of the benefits of having a Commission is that you have people who are not affected themselves by such

recommendations, who are outside of the Government stream; and you have, represented on that, people from the legislative as well as the judicial branches and since they are outside of the sphere, I think it is a question of objectivity.

Mr. ROUSSELOT. Should I imply from that answer that you cannot represent the judicial branch?

Mr. HAMPTON. I am sure that we can get all of the data and we can do a professional type of survey of salaries and analyze that.

Mr. ROUSSELOT. And if you come up here to make recommendations, you have to stand the test of questioning and everything else. Can't you withstand that?

Mr. HAMPTON. I can, yes, sir. I would be glad to do it.

Mr. ROUSSELOT. Well, I was not here when we put this Commission into effect. But I think it is just a big fraud, myself, and I agree with my colleague from California in that I just think it is an exercise. But if you do not object, I really think we ought to consider at this time abolishing it.

I know of very few legislative bodies in the country, including city councils, that do not set their own pay and then rise or fall on that, and I really do not understand why we go through all this gyrations.

Why don't we just face up to the issue and do it ourselves on the basis of recommendations that you give us or the President's or anybody else's? Is there some great mystical reason that we have to have this Commission that we do not understand?

Mr. HAMPTON. I think it was bringing in an outside point of view, more than anything else.

Mr. ROUSSELOT. Can't we get that from all kinds of people? Wouldn't they be free to come and testify? Couldn't we have open hearings and get all the testimony in the world? What is so special about this Commission?

Mr. HAMPTON. I think the Commission was looked at as part of the employer and part of the mechanism. Now, if you wish to substitute the Civil Service Commission—a bipartisan commission—to review this in any particular time frame and make recommendations, that would be acceptable, as far as I am concerned. I am just answering your question. I am not responding in terms of what others in the executive branch may feel about this.

But as long as you have a mechanism and if you have a basis for raising this issue in a timely fashion, who does it is of lesser importance to me than it may be—

Mr. ROUSSELOT. I guess what I am really asking is, do we really need it? We have the Civil Service Commission who could make recommendations to this committee and to the one in the Senate. We could hold intensive hearings and get all the expertise and advice that we felt we needed and just stand up and make the decisions ourselves.

I know that it is probably not very popular to say that. But I just do not understand why we do not do it ourselves on the basis of your recommendation, assuming you have the in-house capability of making these kinds of recommendations and studies. Do you?

Mr. HAMPTON. We have the capability and, in fact, we provided much of the information.

Mr. GROSS. Would the gentleman yield?

Mr. ROUSSELOT. Yes. I would be delighted to.

Mr. GROSS. Do you think the President should have the authority to set the postage allowance and so forth for Members of Congress?

Mr. HAMPTON. I do not understand that question. I am sorry. Does the President have the authority to set postal pay?

Mr. GROSS. No, no; to set the amount of postage given the Members of Congress, the amount for clerk hire and all the others.

Mr. HAMPTON. Oh, no, sir.

Mr. GROSS. Why not?

Mr. HAMPTON. I think that is abolishing the legislative branch's function.

Mr. GROSS. Why is it not a function of the legislative branch to fix its own salaries, rather than have the President do so? Don't you think this is an unwarranted delegation of power?

Mr. HAMPTON. I think that in the exercise of your vote of either approving or disapproving or allowing it to stand that you have control over that.

Mr. GROSS. Well, would it be your recommendation that the President fix the other allowances for Members of Congress?

Mr. HAMPTON. No, sir; I think that is an internal administrative point of view.

Mr. ROUSSELOT. That would give it the so-called bipartisan or unbiased approach, supposedly, that this Commission is supposed to give it, wouldn't it?

Mr. GROSS. It certainly would.

Mr. DULSKI. Would the gentleman yield?

Mr. GROSS. Yes. I would be glad to yield, Mr. Chairman.

Mr. DULSKI. The approach in this area bears out the old adage about getting the politician off the hook.

I come from the city of Buffalo, N.Y. Our city council did not raise their salaries. They got a commission of business people to do it.

So, I agree with you. I think we should stand up and vote our own pay increases. I do not think we need a commission to do our work.

Mr. ROUSSELOT. Well, on the basis of what the chairman said and Mr. GROSS, I think it is just a fraud for us to put it through this other system, and I do not know whether the rest of the committee is willing to consider it. But I think we ought to consider abolishing the Commission.

Mr. GROSS. Will the gentleman yield.

Mr. ROUSSELOT. Yes.

Mr. GROSS. That City Council of Buffalo story is a leaf from the Book of Congress.

Mr. DULSKI. That is true. A good leaf.

Mr. ROUSSELOT. One thing that bothers me is we constantly talk about reassuming our responsibilities in Congress and not just delegating everything away to the executive branch.

I think this is a clear example of where we have done it, and I think it is a major mistake and I intend to work to change it because I think the mistake was made in 1969 and I am not critical of anybody that did it.

I would just like to say of the Postal Reorganization Act, I think it was a mistake and I think we ought to correct it.

Mr. DULSKI. With that, time has expired. Mr. Bafalis.

Mr. BAFALIS. Thank you, Mr. Chairman. I would like to associate myself with many of the comments made by Mr. Waldie relating to the legislative, judicial, and executive, and I would like to associate myself with comments by Congressmen Rousselot and Gross.

I feel very strongly that Congress should be required to take positive action on its own pay raises. I would like to see this Commission abolished.

Mr. ROUSSELOT. Will the gentleman yield.

Mr. BAFALIS. Yes.

Mr. ROUSSELOT. I wonder, too, if the recommendation of Mr. Waldie and others ought to be considered, as every other agency is, once a year. Why every 2 or 4 years? I was not here at the time all the debate went on of setting up this Commission and why we have to do it every 4 years or whatever. I really cannot understand why we cannot do it every year.

Mr. BAFALIS. I think that makes a lot of sense. I might add, Mr. Chairman, as a member of the Florida Legislature back in 1969, we raised our salaries from some \$1,200 a year to \$12,000 a year. Many of us voted for that pay increase.

About half of the legislature in succeeding elections was defeated because of their actions. Some of us were able to sustain our actions. But I think it is a legislative prerogative with all the inherent dangers. I think it is not a problem, though. I believe the electorates are fooled by having a commission.

I just had the occasion to read an editorial on this very point, and I might point out that the very last paragraph of that editorial—I recall the wording very vividly—it said, “We wonder whether it is going to be a thief that runs the head of Congress,” relating to an action of the Commission. I think I agree with that editorial.

I think the feeling on the part of many papers, many of our newspapers, is that we are not assuming our rightful role of delegating this authority to the right commission.

Mr. DULSKI. Thank you. Mr. Derwinski.

Mr. DERWINSKI. Mr. Chairman, following the comments of the last three or four members of the committee, I am going to be out of step.

I am going to say to Mr. Bafalis, if you were not here when Mr. Hogan spoke, he will explain to you the point of difference now and a few years ago in the term of a freshman.

Mr. BAFALIS. Will Mr. Derwinski yield. As I pointed out, I have lived through a similar experience, one that wiped out half the Florida Legislature. I understand the problem. I lived through it.

But I still think it is a legislative function. It should not be delegated to someone else.

Mr. DERWINSKI. Just for the record, Mr. Hampton, I appreciate the fact that you are here testifying on a bill that went through the

Senate, and it is extremely brief, and in a noncontroversial fashion. The House atmosphere would be different, you can see that this morning.

Basically, I think the points you made in support of this bill are sound, so I am not quarreling with you at all. I am just using my time to say a few things for the record.

First of all, this thing is going to be misrepresented in news reports. The headlines in the stories are going to be, "Congress considers pay raise for itself."

The facts are that a Presidential commission makes the report, and if either the House or Senate does not override the President's recommendations, less than 15 percent of the people affected will be Members of Congress. Yet, we will bear the entire burden.

Now, I cannot help but wonder—I mention names just to dramatize the case, not to criticize anyone; but do we really want the U.S. Congress composed entirely of Percys, Pells, DuPonts, Heinz's—people who could afford to clip coupons—and Rockefeller's? And you know participation in politics is an avocation; otherwise, they would be living dull lives in country club sets and on their yachts and so forth, that they give themselves to politics. It does not make a darned bit of difference to them whether their salary is \$42,500 or \$1 a day.

But I cannot help but wonder if we are not just abusing ourselves. As members of the legislative branch, being elected officials, is a bad enough assignment what with an atmosphere in the country of people thinking that everyone in politics is a crook and involved in some sort of bribery and things of that nature.

And I would like to think that Mr. Gross is worth a couple hundred thousand a year because of the money he saves.

Other people whose philosophy I do not agree with, I well understand that they are overpaid. But the point is, as members—of the legislative branch of the country, I think we are entitled to receive the amount of respect and we are not going to get the respect from the public if we continually accuse ourselves.

I do not know what the magic figure is, but I do not see anything really wrong in a legislative increase for Members of Congress; legislative, as compared to the Cabinet, compared to Federal judges. And I think, obviously, it has to come at some practical interval so that the size of it is not staggering to the public.

I could well imagine a man earning \$15,000 a year thinking anyone in Government is overpaid when his salary is \$16,000 on up. So there is not much of a clientele. There is not any grassroots support for the position that we might be taking.

I think these things have to be emphasized and I am not so sure, politically, if there is enough necessary courage in the Congress to do something about this.

I would think the way to solve it would be to have Bob Michel and Wayne Hays as chairmen of the respective Republican and Democratic campaign committees sign a document saying that this will not be part of the campaign and if any of their candidates challenging an incumbent raises the pay issue, they will be repudiated by their respective party leaders.

Maybe that way you could have Congress approach this objectively.

I just wanted to put these things in the record, Mr. Hampton, because we have had comments to the contrary and I think you have made the point as effectively as you could for this bill and I would hope—I think the issue ought to be fought when the President makes his recommendations to the Congress. I think this S. 1989 is worthy of passage and I think we ought to rise up and be counted at the time the President tosses the football to us.

Thank you, Mr. Chairman.

Mr. DULSKI. Mr. Henderson.

Mr. HENDERSON. Thank you, Mr. Chairman.

I apologize for being late but I had the opportunity to see your report.

From what I have heard since the time I got here, it seems to me that the committee finds itself in the usual situation that we in the House find ourselves with regards to the controversy of this nature, specifically one of pay increases. The other body was able to handle it, as we all know, very quickly without a great deal of problems and while only one-third of that body is facing election at the same time all the Members of the House do next year, even that one-third would not go on the record over there and we all know what would happen to pay increases if we did not have to vote them in the House. We also know what may happen if we do not vote them. I think a lot of Members, if we vote against it, may not get it and will carry the sacrifices that the Member from Illinois is talking about.

We would be fooling ourselves if we didn't start from the position at this time there is very bitter feeling of the American people with regards to any pay increase for any Government employee today. I say that because the legislation before us was not an official recommendation of the administration. There was a bill somewhat similar, a bill that is now before us, one that passed the Senate, that was somewhat less restrictive but was intended to correct some misunderstanding about the progress as to when the President's report should come up here. I think the senior members of this committee, whether they agree with what we did or did not do, would unanimously agree that the intention was that under this good or bad system that the President's report come up here by January with the budget of this particular year. By executive interpretation, after having done that 4 years ago, it did not come up; but being one of the authors of that earlier piece of legislation that was introduced as a possible solution or to give the Congress an opportunity to correct—to do something about this this year, I found out that without equivocation, not only the Third District of North Carolina that I represent but all over this country I have had not one communication from a Federal worker anywhere saying that they were going to go out and try to help Dave Henderson correct this.

I commend you and the Commission for taking the position that you do on this legislation because without putting you on the spot, Mr. Chairman, and I certainly would almost insist that you do not answer in response to this suggestion I make, I just don't believe that the President acted on the advice of the Civil Service Commission with regards to whether or not to appoint the Pay Commission last July and to get that report up here in January, and therefore I

would certainly want no one to think I am blaming you, the Chairman of that Commission, or the other members of the Civil Service Commission.

Mr. DULSKI. The gentleman's time has expired.

Mr. HENDERSON. I thank you, Mr. Chairman.

Mr. DULSKI. Are there any other questions?

Mr. JOHNSON. I have no comment at this time.

Mr. DULSKI. Mr. Gross?

Mr. GROSS. Mr. Hampton, wouldn't you agree that the principal purpose, although unstated, in this bill, is to get a recommendation for a pay raise for Members of Congress before Congress in this nonelection year and every nonelection year thereafter? Isn't that the purpose?

Mr. HAMPTON. I don't think that's necessarily the only purpose of this bill.

Mr. GROSS. Well, it is the—

Mr. HAMPTON. I think it is the purpose to have the issue of congressional pay come up in an off-year situation which I think is reflective of the concerns of the Members in considering pay which I think myself they are entitled to is somewhat diffused by a period of time from the political situation that they may face; but I think from the other standpoint, it is unrealistic to review salaries, particularly of the executives, in the executive branch, every 4 years when you have an annual review of all of the subordinates. It is just unrealistic and has led to this compression. It has led to some personnel management practices in the upper levels which are not sound and on that basis I think it merits consideration alone.

Now, I really can't answer for the legislative branch as to when they feel is the best time to consider legislative pay, but I think it was quite clear in the Senate that they wished to consider legislative pay not in an election year, and I think that is understandable and I think what the chairman said—it is a way of helping get off the hook in a sense.

Now, I mean, I am not sure that on the issue of how you can convince your constituents about the need to adjust legislative pay, but I think many of the Members who live in Washington who work extremely long hours who have a great impact on the overall economy of this country certainly should be of the highest caliber and should be paid commensurate for what input they make, just like Mr. Derwinski says, in your own case. I mean, you have saved the taxpayer millions of dollars. That's worth something.

Mr. GROSS. Let's forget about that part, but I am one small frog in a very large pond, or a tadpole—call it whatever you want—but that is the purpose of this bill so far as I am concerned—is to turn this thing around and make pay raises applicable every 2 years and in the off years so that Congress will not have to vote for a pay raise in an election year.

Thank you, Mr. Chairman.

Mr. DULSKI. Thank you very much, Mr. Hampton.

Our next witness will be Mr. Rowland Kirks, Director, Administrative Office of the U.S. Courts, accompanied by Mr. William Sweeney, Deputy Director.

STATEMENT OF ROWLAND F. KIRKS, DIRECTOR, ADMINISTRATIVE
OFFICE OF THE U.S. COURTS, ACCOMPANIED BY WILLIAM R.
SWEENEY, ASSISTANT DIRECTOR

Mr. WALDIE. Before the witness starts, Mr. Chairman, could either the staff or the witness tell us what the present pay schedules are for the courts? I am not too familiar with it and it should not be that complicated for the judges.

Mr. KIRKS. Certainly, I would be happy to, Mr. Waldie. The Chief Justice of the United States receives \$62,500. Associate Justices of the United States receive \$60,000. Circuit court of appeal judges receive \$42,500; district judges receive \$40,000; U.S. magistrates receive \$36,000.

Mr. WALDIE. Thank you.

Mr. GROSS. And what are the recommendations for pay increases?

Mr. KIRKS. We have not made any recommendations except as individual persons expressed themselves to the Commission during the Commission's deliberations. Mr. Gross, and they have varied depending upon the opinion of the individual judge who may have communicated with the Commission. There is no official position so far as the Judicial Conference of the United States is concerned with respect to what the pay increase should be.

Mr. GROSS. So in voting, if we are called upon to vote on this legislation, we will be voting for a change in the law to make a specific set of figures effective in this off year; is that not correct?

Mr. KIRKS. That is correct, sir.

Mr. GROSS. And we have no knowledge of what those figures may be unless the President makes public the figures recommended to him. In other words, if we vote before he does, we are voting for a pig in a poke insofar as this legislation is concerned. Is that true?

Mr. KIRKS. That is correct, sir.

Mr. WALDIE. If the gentleman would yield, I am not certain that that is a responsive answer to the gentleman's inquiry. I think when we vote for this legislation we are voting for an opportunity to do precisely what the gentleman said, but a vote for this legislation does not preclude the gentleman or anyone else opposing the recommendation.

Mr. GROSS. I say that implicit in a vote for this legislation is a vote to bring before the House in this nonelection year an increase in pay, whatever it may be.

Mr. WALDIE. To bring before the House, but not to pass; to bring before the House whatever the recommendation of the Commission might be.

Mr. GROSS. Yes.

Mr. WALDIE. But not to pass, unless the gentleman has already made up his mind what he is going to do.

Mr. GROSS. I very definitely have made up my mind what I am going to do.

Mr. WALDIE. Yes, and therefore you should conclude that it is to be before the House and to defeat the recommendations of the Commission.

Mr. GROSS. I previously voted against this delegation of power to the administration and I sat today and listened to a lot of people bellyache about the delegated power to the President.

Mr. WALDIE. I presume you will vote against the recommendation, whatever it might be.

Mr. GROSS. Of course I will. I am opposed to the President fixing the pay of Members of Congress in any way, shape or form.

Mr. WALDIE. I understand that. You are an openminded man in that you state that whatever they recommend you will vote against it, but the point I am making is I think you have led the witness to suggest that a vote for this legislation is a vote for the recommendation, which it is not.

Mr. GROSS. I would say to the gentleman that I doubt very much that I could lead this witness.

Mr. WALDIE. Well, I would hope not.

Mr. DULSKI. Does the witness have any comments?

Mr. KIRKS. We appear here, Mr. Chairman and members of the committee, to endorse and support and recommend to the Congress the early enactment of S. 1989. It is a matter of legislative policy, of course, as to what the Congress does with respect to the recommendation of the President, and under the present law it is the prerogative of the President to exercise his will upon the recommendations that have been made to him by the Commission and it is not our purpose in appearing here to suggest what the Commission should recommend to the President nor, in turn, what the President should recommend to the Congress; and certainly we leave to the discretion of the Congress what action they take upon the Presidential recommendation.

But it is the view of the judiciary that it is desirable to make a change in the present law so that pay adjustments by whatever technique they are accomplished are made more frequently than once every 4 years, which is this particular instance, short of this enactment of S. 1989, will be a 5-year cycle rather than the 4-year cycle that was contemplated by the present law. We feel that that is too long a period of time. It presents too much difficulty for Commission, President and Congress alike to make what we deem to be appropriate adjustments.

Mr. DULSKI. May I just ask you one question. You have heard reference here that was made regarding the executive making recommendations. It is my understanding that every bill that comes before the House the administration puts a figure on it. Let's assume it puts a figure on HEW appropriations. That figure is given to the Appropriations Committee. They vote there and they don't report exactly the amount of money that the President requested. They sometimes increase it or decrease it.

Mr. KIRKS. That is correct, sir.

Mr. DULSKI. That is about the same process we have in this proposal. When the President makes his recommendation, we do not have to abide by it. At the time the recommendation is made, we may accept or reject it, whichever we choose. If the recommendation is not suitable, my colleagues will have the opportunity to either vote it up or down. Therefore, we are not actually voting for a "pig in a poke," as has been referred to.

Mr. KIRKS. Well, I certainly did not mean in my answer to Mr. Gross to imply that. What this legislation does, if enacted, is accelerate the cycle of the functioning of the Commission and the President and the Congress, and we endorse that. We think that is a sound proposition. A 4-year span which is left discretionary with the President to extend it to 5 years as in this particular instance is bad. So far as we know, he could have declined to have appointed a commission even in the 5th year if he didn't make his appointments. He controls under present law the ability to invoke the machinery.

Now, it is the pleasure of the Congress that such a law should exist. We are suggesting that it ought to be accelerated in a cycle and that a 2-year cycle is preferable to a 4-year cycle.

Mr. DULSKI. Mr. Waldie, have you any questions?

Mr. WALDIE. No; I have no questions, Mr. Chairman.

Mr. DULSKI. Mr. Johnson, do you have any questions?

Mr. JOHNSON. No; I have no questions.

Mr. DULSKI. Mr. Rousselot?

Mr. ROUSSELOT. Yes; I wonder if you could give us your opinion as to whether an annual review of judicial salaries would be objectionable to you.

Mr. KIRKS. No, sir, it would not be. I think it would be desirable.

Mr. ROUSSELOT. Would it be preferable to waiting every 2 or 4 years?

Mr. KIRKS. I think that is would be preferable. We have the same problem that the executive branch has in this compression factor of the top nonjudicial salaries in our system, and at the present time we are suffering as a result of this compression factor. Those in the top levels are not being permitted to receive the increases that other general schedule employees in the Federal Government are receiving.

Mr. ROUSSELOT. Do you feel that your professional association needs the Commission through which to have recommendations made or could you make them directly yourselves?

Mr. KIRKS. Well, certainly—

Mr. ROUSSELOT. To this committee or to the Civil Service Commission?

Mr. KIRKS. We could make our recommendations to whatever body is convened. We have that capability and we make a continuing and constant study of the pay structure of the entire system. So, specifically, I don't think we need this Commission in order to voice the opinion of the Federal judiciary as to what it thinks judicial salaries should be.

Mr. ROUSSELOT. So that it really wouldn't be necessary to come through a commission—you could make your approaches directly and would not be fearful of public criticism for doing that?

Mr. KIRKS. No; I don't think that there is really any distinction, Mr. Congressman, between us appearing and expressing our view on this subject and appearing before the appropriations committees as we do now where we have to address ourselves specifically to the salary structure of every class of employee in the entire system. There would be no reluctance in doing that.

Mr. ROUSSELOT. Do you think that it is more prestigious to have a so-called impartial commission making these recommendations?

Mr. KIRKS. Well, I think that is a matter more of policy determination for the Congress to make than a matter of substance for the judiciary to become involved in, Mr. Congressman. There is virtue in a commission structure where you have nongovernmental membership. At least you crystalize into a formal body representatives of the different segments of our economy.

Mr. ROUSSELOT. I thank the gentleman for his comments.

Mr. DULSKI. I have a question I don't think you have the answer to but I will submit it and you can probably give us the figures. Could you supply for the record, if you do not have the information available—information which would show the number of judges under each category that are affected by this legislation.

Mr. KIRKS. I can do that now if you wish, Mr. Chairman.

Mr. DULSKI. Fine. Go ahead.

Mr. KIRKS. There are a total of 12 Justices of the Supreme Court that would be affected. There are 158 judges in the circuit court level, and there are 522 in the district court level, for a sum total of 692 judges that would be affected by this legislation.

Mr. DULSKI. Thank you. What about the referees and U.S. magistrates?

Mr. KIRKS. There are 101 U.S. magistrates that would be affected and 189 referees in bankruptcy. The sum total figure, Mr. Chairman, of judicial and nonjudicial personnel that would be affected is 1,138 in the entire system.

Mr. DULSKI. In the entire system?

Mr. KIRKS. Yes, sir.

Mr. DULSKI. I have no further questions. Mr. Waldie?

Mr. WALDIE. No.

Mr. DULSKI. Thank you very much.

The next witness will be Mr. David McAfee, staff director, Commission on Executive, Legislative, and Judicial Salaries.

STATEMENT OF DAVID H. McAFEE, STAFF DIRECTOR, COMMISSION ON EXECUTIVE, LEGISLATIVE, AND JUDICIAL SALARIES

Mr. McAFEE. Good morning, Mr. Chairman, and members of the committee.

I appreciate the opportunity to appear before you and give what must be my personal opinions about this. It is true I was Executive Director of the Commission on Executive, Legislative, and Judicial Salaries for the first 6 months of this year, January through June. The Commission has now been dissolved and I have returned to my status as a retiree of the Federal Government.

I would point out, though, that for 12 or 15 years prior to my retirement from the Federal Government I had a hand in practically every piece of legislation dealing with the compensation of Federal employees. I helped develop the comparability system which was adopted for white-collar employees of the Government. I helped develop the BLS survey which is used to determine what the levels

of pay are for the career employees of the Government; and most recently, my experience has been with the executive level concerned with this.

Now, most of the remarks that I was going to make have been pretty much covered by the questioning of the members, so I will merely confine myself to saying that I believe this legislation makes at least three very desirable improvements in the process by which executive salaries are adjusted.

First of all, it provides for biennial rather than quadrennial adjustments. Second, it pins down more definitively the effective date of these increases; and third, it adds to the list of positions the top officials of the legislative branch, which I think were omitted by oversight back in 1969 and really should be in. In 1969 this forced the enactment of a special bill to do equity to the top officials of the legislative branch.

The reason I think biennial adjustment is a real improvement if you look back historically, there have been only six upward adjustments of congressional pay in the last 100 years. Mr. Hanley said it was nine, but what he was counting were several adjustments in the depression years of the thirties when congressional salaries were actually reduced and then brought up again. But the long passage of time between adjustments have meant that necessarily the percentage increases have had to be large.

For example, the first one in this century raised the pay from \$5,000 to \$7,000. This was a 50-percent increase but was made after 34 years. The next adjustment was in 1925 which raised it from \$7,500 to \$10,000, a 33-percent adjustment after 18 years. In 1946 there was another 50 percent adjustment after 21 years.

In 1955 the idea of using a commission to make recommendations for these salaries was adopted and the 1955 commission recommended for Members of Congress a salary of \$27,500. This was reduced to \$22,500 but was still a 50-percent increase.

In 1964 another commission was appointed to make recommendations for congressional salaries and they recommended \$35,000. This was reduced to \$30,000, a 33-percent increase. And finally, in 1969, the first commission under the statute that we are discussing amending today recommended \$50,000 for Members of Congress and this was cut to \$42,500, a 42-percent increase.

In light of historical adjustments in the past, the 42 percent was really not out of line with the kind of adjustments that had to be made because of the passage of time.

In developing the legislation in 1969, the developers looked at what had happened in salaries in the private economy during the early sixties, 1960 through 1966. This was a period of economic stability and on the average salaries in the private economy were rising at about 3 percent a year or a tick less. So that in setting a 3-year period, the maximum adjustment that was anticipated if this condition was continued was about 12 percent, which probably would not have caused much reaction from the public. Nobody anticipated that the condition that actually did develop after 1969, where salaries in the private economy had been rising at the rate of 6 percent a year or better.

So that if we look at what happened in the private economy over the 4½ years that have passed since the last adjustment, we find that in the general schedule the white collar Federal employees—eliminating the large increase in July 1969, 9.1 percent, which was really mostly a catchup to comparability—the increases since then have cumulatively amounted to 24.5 percent for the rank and file of the Federal Government.

If we look at what has happened in private industry to rank and file people—and by this I am talking about the series published by the Bureau of Labor Statistics known as Production and Non-Supervisory Workers—in the private economy there are approximately 48 million of these people between March of 1969 and March of 1973. This large segment of the private economy had increases in hourly earnings cumulating 27.6 percent.

Another possible criteria that might be looked at is what has happened to the cost of living as measured by the Consumer Price Index published by the Bureau of Labor Statistics. From January 1969 to May of this year, which is the latest figure that has been published, the CPI has gone to 23.2 percent. Now, what this means in terms of Federal executive salaries, a Member of Congress whose salary was raised to \$42,500 in 1969 today has a purchasing power of about \$35,000 merely because of the change in the Consumer Price Index.

On the second point, this tying down more specifically the date, the existing legislation makes these specifications: (1) The Commission on Executive, Legislative, and Judicial Salaries shall be appointed for every fourth fiscal year. Now, this meant that it could have been appointed any time in fiscal 1973, from July of 1972 through June of 1973.

Second, the existing statute provides that the report of the Commission shall be made upon such date as the President may designate but not later than January 1 following the fiscal year for which the Commission has been appointed. In other words, it could have been January 1974.

Third, it specifies that the President can only send up his own recommendations and the report of the Commission in conjunction with transmission of a Federal budget which always occurs in January. Now this, in hindsight, left a loophole in the appointing process. I think the intention of the drafters of this legislation were that the President would make his appointments at the beginning of the fiscal year; their report could have gotten to the President by the end of December within the fiscal year; and the President's recommendations would go up with the next budget. Now, this is the way it worked in 1969.

This year, however, the President delayed his appointment of the Commission until it was really December, so that the Commission did not start to operate until some time in January. Now, the President specified he wanted the report by June 30, which meant that he would have to hold onto the report until the next budget goes up in January 1974. This defeated an objective of the original drafters which was to have adjustment of executive and legislative and judicial salaries fall in an odd year; in other words, a nonelection year. The reasons for this I think have been adequately discussed already.

The new legislation would avoid this kind of slippage because it very definitely requires that the report of the Commission may be made by June 30; the President sends his recommendations to the Congress by August 31; and 30 legislative days later the increases go into effect; and this, as Mr. Hampton pointed out, makes it coincide pretty much with the comparability adjustments for the career employees in the Federal Government.

Mr. DULSKI. Could I interrupt you there?

Mr. McAFEE. Yes, sir.

Mr. DULSKI. You said by August 31. It is my understanding that if there is any recommendation the Congress can vote between August and December and the pay scale will go into effect on January 1 of 1974. Am I correct in my thinking?

Mr. McAFEE. The wording I think in the latest bill refers to days in which Congress is actively in session rather than 30 calendar days as the Comparability Act provides.

Now, it is true that the President can name some other date than the date which would occur within this definition. Under the present statute the President could name a date in 1974 or he could defer it to 1975, and this bill does not change that specification in the present law.

Mr. DULSKI. It is my understanding from reading the bill that if the House and the Senate do not disapprove the President's recommendation, then he could make that effective on January 1, 1974, January 1, 1975.

Mr. McAFEE. He can do it under the present law, yes. This does not change the present law. This merely defines the earliest date on which an adjustment can be made effective.

Mr. DULSKI. I'm sorry. Go ahead.

Mr. McAFEE. One point which was raised by a number of the Members is related to the need for a commission at all. Now, despite the fact that I have served as executive director, I have no particularly strong feeling about the use of a commission, but I would point out that what is needed is some criteria for determining the appropriate adjustments in executive salaries and until some criteria is set the use of a commission is a reasonable substitute.

What you are attempting to do here is to pull in some well-informed public citizens who are not part of the Government; let them consider what they think is an appropriate adjustment for executive salaries. Now, this is a substitute for some more definitive criteria.

For example, for career employees, we have the comparability principle. We have said that Federal employees shall be paid the same rates as paid by private industry for comparable levels of work. We created an annual survey to measure what private industry is paying. Now, I don't think you can use the comparability principle for the top officials of the Government; first, because in many instances there is no counterpart in the private economy. There is no counterpart for judges or for Members of Congress in the private economy. Moreover, if you attempted to use presidents and vice presidents and top officers of the leading corporations in the country as a comparable figure for Cabinet officials and Under Secretaries and Assistant Secretaries, you would come up with levels of pay so very high that you would never be able to enact them.

Mr. ROUSSELOT. Would the gentleman yield at that point? Would you be willing to submit for the record your concepts of what good criteria would be on the basis of your previous experience? My understanding is you mentioned earlier in the conversation that you have been involved in compensation decisionmaking processes in the Government before you went on the Commission as executive director, so I assume that you could give us a wealth of background and experience. Could you give us your ideas on those criteria?

Mr. McAFEE. My personal opinion, after all the experience I have, is that there is really no definable criteria for these kinds of jobs because they are unique.

Mr. ROUSSELOT. I appreciate that, but you just finished saying that what we needed were some criteria, and on the basis of your experience why couldn't you give us that judgment?

Mr. McAFEE. I agree.

Mr. ROUSSELOT. Are you willing to do it?

Mr. McAFEE. Yes.

Mr. ROUSSELOT. That would be helpful.

Mr. McAFEE. But I would say that any criteria that is set up is involved with two things: (1) The official level at which you start, and this is undoubtedly the most difficult because you can't go into the private economy and pick a job and say in 1973 the salary for this job is x amount. So, to start off, you have to either arbitrarily accept existing levels of pay throughout the Federal Government or you have to arbitrarily make some change in the start.

The second aspect of this—

Mr. ROUSSELOT. Let me ask you this: Did your Commission set up any general criteria on which they base their judgments?

Mr. McAFEE. The Commission considered this and, unfortunately, at the moment, I am not at liberty to give much in the way of detail about what the Commission is recommending. This will come out when the President releases the report.

Mr. ROUSSELOT. I don't mean the actual recommendations, but how you arrived at the recommendations. You were the one that suggested the importance and the potential necessity of criteria. You said that that is even more important than who makes the decision. So my thought was, fine, let's have the criteria. Did the Commission have any basic criteria on which they based their judgments?

Mr. McAFEE. I can't answer that without revealing the Commission's recommendations.

Mr. ROUSSELOT. I don't understand. If they were basic principles or criteria on which you based your judgments, I don't see why you can't make that part of the record. I am not asking for the specifics of what the final decision was. You are the one that brought up the subject of the criteria. Do you believe what you just said?

Mr. McAFEE. I believe it.

The way you would have to go about this would be to have somebody either within the Government or outside the Government—

Mr. ROUSSELOT. Well, let me say this: You used to serve in the Government. Did you find that the Civil Service Commission usually came up with some kind of a rational process of making judgments on salary in the Federal Government?

Mr. McAFEE. I think the comparability system developed for career employees is entirely rational.

Mr. ROUSSELOT. Why couldn't we use the Civil Service Commission for this job and they could bring in whatever official expertise they felt they needed?

Mr. McAFEE. Well, this, in effect, is what I was saying. You could have somebody within or outside of the Government set up a system and define the criteria on which will be adhered to in the future.

Mr. DULSKI. The Commission's report will be available eventually; will it not?

Mr. McAFEE. Yes; the report will be printed in this form by the Government Printing Office and a copy will be distributed to every Member of Congress.

Mr. ROUSSELOT. I regret having to leave the discussion but I have to go to the floor.

Mr. DULSKI. I have only one question. Since this legislation will provide that the Commission operate every 2 years rather than every 4 years, would you tell us or furnish for the record information which would show the amount appropriated and the amount actually spent for the 1969 Commission and for the 1973 Commission?

Mr. McAFEE. In both years, 1969 and 1973, the amount appropriated was \$100,000. In 1969, because the Commission operated really less than 5 months, they spent approximately \$17,000. This year, I have not gotten the final figures from the General Services Administration who took care of our accounting, but my best estimate is that we spent about \$38,000. So, in neither case did anything like the total appropriation get spent; and I am sorry that one of the gentlemen down here who said that we were spending a half million dollars a year on this Commission wasn't here to hear my answer to this question.

Mr. DULSKI. Is there some sort of a criteria set up by the Commission that they are governed by every year?

Mr. McAFEE. I hate to pin down in legislation hard and fast rules for a commission. I think it would be wise to give a commission some legislative guidance as to the kind of things they ought to be looking at. For example, this past Commission looked at the change in the cost of living. In other words, what has happened to the purchasing power of top Federal salaries. They looked at the—not the level, but the percentage increases that have occurred for State Governors, for the top people in State governments, the five top jobs. They looked at city and county managers and mayors changes in salaries. They looked at State judges of various levels change in salaries over a period of 4 years.

Now, the only difficulty with using these kind of data that are more closely identifiable with Federal jobs is that there is a tremendous lag in their availability. For instance, the best we could—the 4-year period we could assemble was 1967 to 1971, and, of course, we are dealing with what we are going to do to Federal salaries in 1973 or 1974, as the case may be. So that there is always a lag there and you can never get this information completely up to date.

Now, this leans you toward some more readily available, more currently available data. The most comprehensive survey done in this country of white collar salaries is the so-called PAT survey that BLS conducts which is used for setting career salaries in the Federal Gov-

ernment. This covers perhaps 20 percent of all the white collar positions in the private economy, a very large sample. There is nothing else—no other survey conducted that comes anywhere near this.

Another even more comprehensive, of course, is the so-called production and nonsupervisory worker, which I said earlier embraces about 48 million people. Both of these are very good economic indicators of what is happening to pay in the private industry.

And a third alternative is if you might adopt the principle that we are going to maintain the purchasing power of top salaries and, therefore, we will adjust them on the basis of the Consumer Price Index.

Mr. DULSKI. Well, I think that you have been a very valuable witness, Mr. McAfee, and I appreciate it. I regret very much that the majority of the members are at a Rules Committee meeting because we have a bill coming up. I have no further questions and I want to thank you very kindly for your appearance here this morning.

At this time, the Chair will hear from the National Federation of Federal Employees. Mr. Wolkomir?

STATEMENT OF NATHAN T. WOLKOMIR, PRESIDENT, NATIONAL FEDERATION OF FEDERAL EMPLOYEES

Mr. WOLKOMIR. I would just make one remark for the record. As a member of the Federal Pay Council since its inception, our testimony has generally defined the concept of the Pay Council operation on an annual basis survey.

With Congressman Waldie's statement about an annual survey proposed by the proposed legislation, I would like to state that with due respect to Mr. McAfee, as a member of the Pay Council, I would like to make a further recommendation that we not only do away with the Commission that was discussed here so vehemently, but also do away with another Presidential advisory commission or report which we also have as an intermediary between the recommendations of the Pay Council, the recommendations of the management or the executive branch of the Government, which are the chairmen of the Civil Service Commission and OMB. We make joint and separate reports to a President's advisory committee who, in turn, makes a recommendation to the President; and in my experience with the Pay Council since its inception, this is a waste of time and money. We don't need them. We can make our recommendations directly to the President as we have, and let him make his recommendations to the Congress based upon the proposed recommendations he makes for pay increases.

Mr. DULSKI. Thank you very much. I am glad that you gave us this information.

[The statement submitted follows:]

PREPARED STATEMENT OF NATHAN T. WOLKOMIR, PRESIDENT OF THE NATIONAL FEDERATION OF FEDERAL EMPLOYEES

Mr. Chairman and members of the committee, I appreciate the opportunity to appear before you this morning to express the views of the National Federation of Federal Employees on S. 1989, a bill designed to improve the method of adjusting the salaries of Congressmen, the Judiciary and Presidential appointees in the Executive Department.

The Federal Salary Reform Act of 1962 first enunciated the concept of comparability between salaries paid to Federal employees and those paid in private

enterprise. The NFFE has always supported this principle, and while we have argued over whether or not a specific increase achieves comparability in fact, it cannot be denied that the periodic adjustments awarded the General Schedule employees over the past few years have moved us in the direction of comparability.

The same cannot be said for members of Congress, members of the Judiciary and Presidential appointees. In the past four years, a period in which the cost of living has increased almost 25%, these government leaders have received no pay increase. Top Federal careerists have not received an increase for almost three years. As the law presently reads, no salary increase could be granted to any of these groups until early in 1974.

One of the major arguments for changing the law is the tremendous impact of making a salary adjustment once every four years. Particularly in a period of continuing inflation, the cumulative increase is so great that it is particularly unjustifiable in the mind of the public at large, regardless of how fair it is.

S. 1989 changes this in that it provides for adjustments of Executive, Congressional and Judicial salaries every two years rather than every four years. Obviously the more frequent adjustments will ameliorate the problem of huge increases such as occurred when top government leaders received their last salary increase in 1969. While NFFE supports the change to a two-year cycle, we would like to add our support to and expand on a further proposal. As you know S. 1989 establishes an independent Commission for the purpose of conducting the biennial review of top level governmental salaries. Most private sector salaries and, in fact, GS salaries in the Federal government are adjusted approximately on an annual basis. We believe that the bill should be amended to allow an annual review of salaries, so that both the independent Commission and the Federal Pay Council would submit their recommendations to the President on June 30 of each year.

Presently GS salary recommendations are made by the Federal Pay Council which then makes a recommendation to the President. As a union we would like to have a more direct role in establishing pay rates, but we recognize there are special problems with such an approach in the Federal government and believe that, for the foreseeable future, salary questions will have to be resolved in a manner similar to the present procedure. But that procedure can be improved and we believe S. 1989 provides a vehicle for streamlining and rationalizing the process in a way which will be beneficial to GS employees, top level government leaders and those concerned with the budgetary process.

The next General Schedule salary increase is presently scheduled to go into effect on October 1. The amount of that increase will not be determined until data on governmental and private sector pay is gathered by the Bureau of Labor Statistics sometime next month. The Federal Pay Council will then make a recommendation on a pay increase to the President. The President has interpreted the act as permitting him to set a different effective date. This is being challenged in the courts, but as it now stands he must submit an alternative plan to Congress by August 31. If either House disapproves the plan, the raise will be effective October 1.

With regard to Congressmen, Presidential appointees and members of the Judiciary, under present law the Commission on Executive, Legislative and Judicial Salaries must report to the President by June 30. The President will review the report and submit his recommendation on salary increases next January as part of his budget message. If neither House disapproves within thirty days, the President's recommendations will go into effect. Under S. 1989 this procedure is substantially altered. The bill would require the President, after reviewing the Commission's recommendations, to submit his proposal to Congress by August 31 of this year. It would go into effect on October 1 unless either House disapproved.

Obviously this provision in S. 1989 provides a basis for coordinating the time of GS and Executive pay increases. We believe, that in the future the same Presidential message should incorporate pay increases for both groups of employees. The increases need not be precisely the same for both groups; they would still be independently determined. The President should retain the authority to disregard the Commission and Council's proposal and make his own recommendation as to time of enactment and the amount of the increases.

Either House could prevent a delay in the effective date by rejecting the President's proposal before October 1 in which case October 1 would become the effective date.

The advantages of this plan are clear. We have already mentioned the negative aspects of allowing long intervals between pay increases. Second, there would appear to be significant administrative advantages to such a coordination. Third, the often heard complaint of the Civil Service Commission that we are presently failing to maintain the appropriate pay differential between the GS employees and Executive pay levels under the Executive pay schedule, would be answered.

In this connection, we are more than interested in creating a real relationship between the Federal Salary Act of 1967 and Public Law 91-656 so that pay of the Federal structure is properly interrelated. Our organization is vitally concerned that the simplicity of the Pay Commission procedures are equally available in the establishment of the General Schedule under P.L. 91-656. Experiences in carrying on the employee organization role in meeting with the President's agents, have not proven productive.

Mr. Chairman, in conclusion, we call your particular attention to an editorial in the July 18, 1973, issue of the Federal Times and request it be made a part of the record. It asks Congress to correct injustices in its own pay adjustment process.

We hope that our suggestions have been constructive and we thank the committee for giving us the opportunity to appear before you today.

[The editorial referred to follows:]

[From the Federal Times of July 18, 1973]

FAIR P(L)AY

Few of us would be willing to accept a job that promised a pay increase only once every four years. For one thing we know all too well how inflation and taxes can diminish the value of a paycheck from one year to the next. Looking ahead, one would have to conclude that with living costs rising over the past half-decade at a rate of 5 percent annually, inflation alone would bit 20 percent from your income in the fourth year.

Yet, this is what U.S. senators, representatives, and top officials of the Executive and Judicial Branches face under the existing system of adjusting their pay to bring it in line with comparable occupations in the private sector and to make up for losses in spending power due to inflation.

In other words, the highest ranking officials of our government must endure four years of declining economic stature before they are allowed to "catch-up" with the rest of the population.

Since congressional pay was set at \$42,500 in 1969, white collar career federal employees have received cost-of-living pay increases exceeding 30 percent (two raises in 1969 totaling 15.1 percent, 6 percent in 1971, 5.5 percent in 1972, and 5.1 percent this year).

Meanwhile, the pay of federal officials paid under the "Executive Schedule" also has stayed the same and certain "General Schedule" (career) salaries have remained fixed by law at \$36,000.

Somehow \$60,000 a year for cabinet members seems equitable—inflation or no. There are other forms of compensation that come with being a cabinet officer (special allowances, travel, prestige), but perhaps judgment should be reserved for someone who has batted in that league.

But dropping down the executive ladder to Level II (\$42,000), Level III (\$40,000), Level IV (\$38,000), it becomes apparent that inflation and tax increases accumulated over a four-year period are going to place an unfair burden on the individual who lives on what he earns.

On the bottom rung of the non-career executive ladder is a Level V whose pay was set at \$36,000 in 1969. Today that figure is worth \$28,800, having been shaved down by inflation at a rate of 5 percent annually.

This lowest of executive categories includes the administrator of the Farmers Home Administration, director of the Bureau of Narcotics and Dangerous Drugs, administrator of the Bonneville Power Administration and 129 others holding highly responsible positions in the Executive Branch.

In the General Schedule career service is another category of employees who suffer economically as a result of existing law in the pay area.

Bureau of Labor Statistics figures show that a GS-18 deserves \$41,734 in accordance with the principle of comparability between federal pay and pay in industry. However, while it has applied to all other General Schedule workers over the past four years, comparability has not come to GS-18s . . . or GS-17s . . . or even some GS-16s.

In establishing a quadrennial pay setting system for non-career executives, Congress—almost as an afterthought—discovered that if all General Schedule career employees were given annual cost-of-living raises then career employees at the top would soon be making more money than their Level V bosses.

Congress therefore set a limit on top career jobs of \$36,000. So since 1969, GS-16s above step 6, GS-17s and GS-18s have been denied the pay raises that have gone to all other career employees.

A proposal in Congress to give the highest officials of the Legislative, Executive and Judicial branches cost-of-living raises every two years instead of four should be enacted into law out of fairness to individuals who are subject to the same inflationary pressures as the rest of us.

Furthermore, career executives who spend a lifetime working their way to the top should not be denied the pay they would be entitled to by law were it not for the failure of Congress to correct injustices in its own pay adjustment process.

Mr. DULSKI. The next statement before the committee is from the Federal Professional Association. Mr. Jay?

**STATEMENT OF VINCENT E. JAY, EXECUTIVE VICE PRESIDENT,
CONGRESSIONAL LIAISON, THE FEDERAL PROFESSIONAL ASSO-
CIATION**

Mr. JAY. I am Vincent Jay of the Federal Professional Association. We are very happy to present our statement. Ten years ago we were in this same committee with former Congressman Ramspeck, and we supported the annual adjustment. It was our recommendation and Mr. Udall ran with the ball and put this into the legislation at that time. It was unfortunate it wasn't passed, and we are still strongly in support of it and we hope that this committee will report out something favorable in terms of reducing the number of years, possibly on an annual basis, which is recommended in our statement.

Mr. DULSKI. Thank you very much.

[The prepared statement follows:]

**PREPARED STATEMENT OF EDWIN D. BECKER, VICE PRESIDENT, THE FEDERAL
PROFESSIONAL ASSOCIATION**

My name is Edwin D. Becker. I am Vice President of The Federal Professional Association (FPA) and am making this statement on behalf of this organization. As a Federal professional, I am Chief of the Laboratory of Chemical Physics at the National Institutes of Health. The President of The Federal Professional Association, Dr. Ewan Clague, is unfortunately out of the country today and is therefore unable to testify himself.

The Federal Professional Association is a nonprofit organization consisting exclusively of professionals in the Federal Service. It encompasses all disciplines and draws members from many agencies. It is dedicated to enhancing the value of the Federal career service to the public, fostering high standards of professional service to the Government, and promoting the welfare of career Federal professional personnel through education, research and appropriate consultation.

The FPA was founded in 1962, the same year that the Federal Salary Reform Act of 1962 first enunciated the principle of comparability of Federal and private enterprise salaries. The Federal Professional Association strongly supports this principle, and over the last 11 years our organization has repeatedly endorsed legislation designed, first, to implement the 1962 Act and, later, to insure that

comparability will be retained. In 1964, during Dr. G. K. Hartmann's presidency, The Federal Professional Association proposed a specific formula that would tie Congressional, Judicial, Cabinet and other top Executive salaries to those in the classified service. That proposal was introduced as legislation but was not passed by the Congress. In 1967, the FPA supported the legislation that became the Federal Salary Act of 1967, and we endorsed the concept, included in that legislation, of an independent Commission on Executive, Legislative and Judicial Salaries.

The salary adjustments made in the years immediately following the first report of the Commission in 1969 brought the first semblance of "comparability" for higher level Federal salaries. During the last two years, however, the effects of continued inflation in the economy have pushed up salaries in the classified service in an attempt to maintain comparability with the private sector and have again resulted in a pronounced compression at the top. The 1973 salary rates at GS-17 and GS-18 (and in the upper steps of GS-16) are now limited by Executive Level salaries last adjusted in 1969. For GS-18 there is nearly a \$6000 discrepancy between the salary schedule and the actual salary paid. We believe that the principle of salary comparability enacted over a decade ago is equally valid today; steps must again be taken to assure implementation of that principle.

The Federal Professional Association supports S. 1989. We believe that a period of 4-5 years between salary adjustments is far too long. This bill would shorten that period to two years and would, hopefully, cause a much needed salary adjustment to be made within a few months.

There is one respect in which S. 1989 might profitably be modified. Most industrial and private business salaries are adjusted annually, and the Federal classified service has for several years been subject to approximately annual adjustments to maintain comparability. Even in an inflationary period such annual increases have been modest—usually of the order of 5-6 percent. A biennial adjustment, of perhaps twice that amount, for Congressional, Judicial and Executive Level salaries runs the risk of being misunderstood by the public. Perhaps the highly desirable feature of a biennial outside review by an independent Commission, as proposed in S. 1989, could be combined with an automatic, clearly labeled *interim* adjustment in each even-numbered year that parallels the salary adjustment for the classified service in that year. Thus in no one year would exceptionally large salary increases be required; yet the Congress would retain biennial control over its own salaries and those of the Executive and Judicial branches.

Mr. DULSKI. The statement presented by the American Federation of Government Employees will be made a part of the record. Mr. Sadler?

STATEMENT OF CARL K. SADLER, LEGISLATIVE REPRESENTATIVE, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, ON BEHALF OF CLYDE M. WEBBER, NATIONAL PRESIDENT, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES

Mr. SADLER. My name is Carl Sadler, with the AFGE. Speaking for Mr. Webber, we are happy to adhere to the chairman's suggestion and place our statement in the record and let the statement speak for itself.

Mr. DULSKI. Thank you.

[The prepared statement follows:]

On behalf of the 625,000 Federal employees whom we represent in exclusive representation units, the American Federation of Government Employees, AFL-CIO, appreciates the opportunity of appearing before your Committee to endorse strongly S. 1989, a Bill to amend section 225 of the Federal Salary Act of 1967 with respect to certain executive, legislative and judicial salaries.

The major innovation incorporated in this Bill is to establish a two-year regular interval for the review of executive, legislative and judicial salaries, instead of

the present four-year cycle. This innovation attunes the pay-setting review mechanism for these officials to the accelerated inflationary pace which has become a world-wide phenomenon.

Additionally, this biennial review will make it possible for every Congress to review the compensation of these senior levels of our government, strengthening Congressional oversight over Federal practices. Today this review is reduced because the Commission members are appointed every four years, that is, only in every successive second Congress.

A third important consequence of this change concerns the pay-setting practices for determining the salaries of officers and employees of the classified service, the foreign service and the Department of Medicine and Surgery in the Veterans Administration. Under the Federal Pay Comparability Act of 1970 (P.L. 91-656), the Congress provided a mechanism to review and establish the salaries of these Federal employees on an annual basis. As principal components of this Federal mechanism, the Congress established three new institutions: the *President's Agent* (now jointly composed of the Director, Office of Management and Budget and the Chairman, Civil Service Commission); the Federal Employees Pay Council, composed of five labor union representatives selected on the basis of proportional representation, with no more than three designated by any single union or federation; and a three-member Advisory Committee on Federal Pay, none of whose members hold a Federal office. All three institutions submit written views to the President, respecting their recommendations for appropriate salaries for Federal employees.

Although the President's Agent and the Federal Employees Pay Council addressed their attention in the past primarily to other matters affecting the Federal employee pay line, it is to be noted that the Advisory Committee on Federal Pay, in its October 20, 1972, Report, devoted a special section to the issue of "Compression" on the Federal white collar pay line resulting from the ceiling under the 1969 adjustments for Executive Level V, established at \$36,000 per annum.

In summarizing its comments, the Advisory Committee stated the following: "Summary—Executive Level V pay was fixed at \$36,000 in 1969. Today it represents a rigid ceiling on the classified salary structure. This defeats the objective of comparability and undermines the principle of pay in keeping with work distinctions. The numbers of people involved and the fiscal costs are both small but the consequences are great. No meaningful relief can take place until the executive pay structure is reviewed and revised."

Our own organization would have formulated such a Summary somewhat differently; nevertheless, we agree with the point the Advisory Committee was seeking to underscore. Executive, legislative and judicial salaries also should be established on the basis of current comparability with private enterprise. This cannot be done in a meaningful manner on a quadrennial basis.

Given our experiences with white collar pay setting under P.L. 91-656 and blue collar pay setting under P.L. 92-392, we fully endorse the purposes of the provisions of S.1989 which would place executive, legislative and judicial salaries on a better basis of comparability with private enterprise. In light of the fact that we are already so late in the legislative session for 1973, we urge the Bill's earliest enactment so as to remedy the present unsatisfactory situation.

Mr. DULSKI. The final statement before the Chair is that of John A. McCart, operations director, Government Employees' Council, AFL-CIO. It will be made a part of the record at this time.

[The prepared statement follows:]

STATEMENT OF JOHN A. MCCART, OPERATIONS DIRECTOR, GOVERNMENT EMPLOYEES COUNCIL, AFL-CIO

Mr. Chairman and members of the committee, our organization desires to register its support of the pending bill, under which the President would present to Congress his recommendations on these salaries by August 31 of this year, and biennially thereafter. The effect of S.1989 would be to revise the existing quadrennial review by the Commission on Executive, Legislative, and Judicial Salaries, and to accelerate the current recommendations from January, 1974 to August, 1973.

The Council has as affiliates 30 national and international AFL-CIO unions representing more than 1 million classified, wage grade, and postal employees.

In 1962, the GEC subscribed to the principle of "comparability" in establishing salaries of Federal employees covered by statutory pay systems. Our support of the concept extended to all Federal salaries from the lowest to the highest levels. The application of the principle to executive, legislative, and judicial salaries was recognized in the Federal Salary Act of 1967.

There are several justifications for approval of S. 1989.

Changing the salary review cycle from four to two years will permit each Congress to examine the structure of these higher levels in comparison with salary movements for similar executive level positions in private industry.

Adoption of the bill will permit the Executive and Judicial Branches and Congress to address themselves to the serious problem of "compression" in the Federal salary schedule on a more current basis. The Advisory Committee on Federal Pay noted the effect on the higher levels of the General Schedule attributable to the \$36,000 limitation placed on Executive Level V in 1969. As Federal classified employees become eligible for general salary adjustments each year under the "comparability" concept, the adverse effects of compression on the higher level salaries in the General Schedule become more pronounced. Unless action is taken to remove the present ceiling related to Executive Level V, a larger number of Federal career employees will be denied justified salary adjustments with each passing year. Substitution of a review of executive, legislative, and judicial salaries every two years for the existing four year study will alleviate the "compression" problem.

Our unions, which represent hundreds of thousands of Federal employees paid under statutory systems, are quite sensitive to the effects and administration of laws designed to provide pay "comparability." Despite espousal of the concept by Congress and the Executive Branch, and despite steps taken by the legislature to insure adherence to it, the fact remains that Federal employees, both classified and wage grade, have not attained that objective.

First, under the best of circumstances, the results of the annual survey of private industry salaries are not available until six months after the review is completed. Thus, Federal salaries are related to private industry rates at least six months earlier.

Second, the President has deferred payment of salary adjustments from three to six months after they are due. In one case, it was necessary for Congress to take positive action to protect the effective date of an adjustment.

Third, Federal pay generally has been controlled by the various phases of the economic stabilization program, even though the program itself permits certain exceptions. There are numerous instances in which Federal workers in particular localities have been limited to smaller wage adjustments even though their counterparts in private firms have received larger increases, and even though private industry adjustments have been approved by the bodies designated to carry out the stabilization system.

Thus, it is not difficult for us to comprehend the purpose of S. 1989 to insure a closer adherence to the "comparability" standard for executive, legislative, and judicial salaries.

We urge, Mr. Chairman, that the Committee report the bill favorably to the House as expeditiously as possible.

Mr. DULSKI. The committee stands adjourned.

[Whereupon, at 12:05 p.m., the hearing was adjourned.]

