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ENDING THE CENTRAL INTELLIGENCE
AGENCY RETIREMENT ACT
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HEARING
BEFORE THE
COMMITTEE ON ARMED SERVICES
UNITED STATES SENATE
NINETY-THIRD CONGRESS

FIRST SESSION

ON

H.R. 6167

TO AMEND THE CENTRAL INTELLIGENCE AGENCY RETIRE-
MENT ACT OF 1964 FOR CERTAIN EMPLOYEES, AS AMENDED,
AND FOR OTHER PURPOSES

S. 1494

TO AMEND SECTION 236 OF THE CENTRAL INTELLIGENCE
AGENCY RETIREMENT ACT OF 1964 FOR CERTAIN EMPLOYEES
TO LIMIT THE NUMBER OF EMPLOYEES THAT MAY BE RE-
TIRED UNDER SUCH ACT DURING SPECIFIED PERIODS

APRIL 5, 1973

Printed for the use of the Committee on Armed Services



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(11)

CONTENTS

	Page
H.R. 6167-----	1
S. 1494-----	1
Senate Report No. 93-105 accompanying S. 1494-----	2
Hon. James R. Schlesinger, Director, Central Intelligence Agency-----	5

CONTENTS

Page

1
2
3
4

THE HISTORY OF THE
CITY OF BOSTON
FROM THE FIRST SETTLEMENT
TO THE PRESENT TIME

(171)

AMENDING THE CENTRAL INTELLIGENCE AGENCY RETIREMENT ACT OF 1964 FOR CERTAIN EMPLOYEES

THURSDAY, APRIL 5, 1973

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, D.C.

The committee met, pursuant to recess, at 10:10 a.m., in room 212, Richard B. Russell Senate Office Building, Hon. Stuart Symington (acting chairman).

Present: Senators Symington (presiding), Ervin, Cannon, McIntyre, Nunn, Thurmond, Dominick, Saxbe, and Scott of Virginia.

Also present: T. Edward Braswell, Jr., chief counsel and staff director; John T. Ticer, chief clerk; R. James Woolsey, general counsel; Herbert S. Atkinson, assistant chief clerk; Charles J. Conneely, Labre R. Garcia, John A. Goldsmith, Edward B. Kenney, and Robert Q. Old, professional staff members.

Senator SYMINGTON. The hearing will come to order.

The first item to be considered today is a proposal which will increase the cumulative number of CIA employees who may be in a retired status from 800 to 2,100.

(H.R. 6167 and S. 1494 with report follows:)

[H.R. 6167, 93d Cong., 1st sess.]

A BILL To amend the Central Intelligence Agency Retirement Act of 1964 for Certain Employees, as amended, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That effective April 1, 1973 the figure "2100" is substituted for the figure "800" in section 236, of the Central Intelligence Agency Act of 1964 for Certain Employees (78 Stat. 1043; 50 U.S.C. 403 note).

[S. 1494, 93d Cong., 1st sess.]

[Report No. 93-105]

A BILL To amend section 236 of the Central Intelligence Agency Retirement Act of 1964 for Certain Employees to limit the number of employees that may be retired under such Act during specified periods

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 236 of the Central Intelligence Agency Retirement Act of 1964 for Certain Employees, as amended (78 Stat. 1043; 50 U.S.C. 403 note), is amended by (1) striking out "eight hundred" and inserting in lieu thereof "twenty-one hundred", and (2) striking out the period at the end of such section and inserting in lieu thereof a comma and the following: "nor a total of fifteen hundred during the period beginning on July 1, 1974, and ending on June 30, 1979."

(1)

[S. Rept. 93-105, 93d Cong., 1st sess.]

AMENDING THE CENTRAL INTELLIGENCE AGENCY RETIREMENT ACT OF 1964 FOR CERTAIN EMPLOYEES, AS AMENDED

The Committee on Armed Services, having had under consideration the question of retirement of certain employees of the Central Intelligence Agency, reports the following bill (S. 1494) to amend section 236 of the Central Intelligence Agency Retirement Act of 1964 for Certain Employees to limit the number of employees that may be retired under such act during specified periods and recommends that the bill do pass.

PURPOSE OF THIS BILL

The purpose of this bill is to (1) increase the quota on retirements established in section 236 of the act from 800 to 2,100, for the period July 1, 1969, to June 30, 1974; (2) establish a quota of 1,500 for retirements between July 1, 1974 and June 30, 1979.

EXPLANATION

This bill would increase from 800 to 2,100 the number of retirements authorized under section 236 of the Central Intelligence Agency Retirement Act over the period July 1, 1969 through June 30, 1974, and would establish a ceiling of 1,500 for the number of retirements authorized over the period July 1, 1974 through June 30, 1979.

A retirement quota for the first 10 years of the CIA Retirement Act, which was enacted in 1964, was chosen by Congress as a mechanism to assure the careful administration of the CIA retirement system during its formative years, since the system was not to apply to all CIA employees and security considerations prevented the use of detailed statutory language to assure its limited application. In the 9 years since the enactment of the act, the Agency has had valuable experience in administering the system in line with the intent of the Congress.

As a result of early retirement incentives which have Government-wide applicability and the reduction of the Agency's work force, the 800 retirements authorized by section 236 of the CIA Retirement Act over the period July 1, 1969 through June 30, 1974 is now exhausted, some 15 months before it expires of its own accord, and orderly personnel management requires legislative relief.

In addition, the committee believes that the continuation of a ceiling on retirements for the 5 fiscal years following fiscal year 1974 is a useful method of providing legislative oversight for the operation of the CIA retirement system, and accordingly recommends a quota of 1,500 retirements for that period. The CIA retirement system is the only retirement system so limited by the Congress.

As was indicated in testimony to the committee, the retirements which are subjected to ceilings under section 236 pertain only to CIA employees who, in addition to meeting other requirements, have 5 years of qualifying service, primarily service abroad hazardous to life or health. Thus the retirement system which is the subject of this bill applies primarily to those who have worked abroad on intelligence missions, and the bill has very little effect on the retirement system of those CIA employees whose duties pertain to analysis of intelligence data here in the United States.

While permitting some flexibility for mandatory retirements under section 235 of the act, the requirement for the legislation is fundamentally the result of the CIA's underestimating, as did much of the rest of the Government, the effect of new incentives for early retirement. As a result, a substantially larger number of employees have chosen early retirement than had been expected to do so, and the quota for the period July 1, 1969 to June 30, 1974, has already been exhausted. Thus, without legislative relief, a number of employees who wish to retire would be required to continue on active service between now and June 30, 1974, to the detriment of efficiency and good management.

FISCAL DATA

The bill would not require any new budgetary authority as all payments would be made out of the CIA Retirement Fund. With respect to those employees whose retirements will be otherwise delayed until July 1, 1974, without the increase in

quota, the impact on the CIA Retirement Fund would be minor. In these cases, any increase in annuity payments and loss of contributions will be substantially offset by the otherwise larger annuity payments which would result in subsequent years if retirements were delayed until July 1, 1974.

DEPARTMENTAL DATA

The following letter from the Director of Central Intelligence to the President of the Senate is hereby made part of the report.

CENTRAL INTELLIGENCE AGENCY,
Washington, D.C., March 29, 1973.

HON. SPIRO AGNEW,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: This letter transmits for the consideration of the Congress a draft bill to amend the Central Intelligence Agency Retirement Act of 1964 for Certain Employees, as amended.

The draft bill increases from 800 to 2,100 the limitations on the number of retirements during the period July 1, 1969 through June 30, 1974, when the limitation expires. The current quota of 800 is exhausted and an increase is urgently required to permit employees who have been planning on retirement to do so. This includes employees who we expect will want to retire as a result of the anticipated July 1, 1973 cost-of-living adjustments of annuities. Relief from the current quota would facilitate the accomplishment of greater economy and efficiency in the operation of this Agency and the accompanying personnel reductions would be in line with those programed for the intelligence community.

Enactment of the draft bill is required in the interest of orderly and equitable personnel management. Moreover, it will reduce payroll costs. With respect to those employees whose retirements would be otherwise delayed until July 1, 1974 because of lack of quota, the impact on the CIA Retirement Fund will be minor. In these cases, any increase in annuity payments and loss of contributions will be substantially offset by the otherwise larger annuity payments which would result in subsequent years if retirements were delayed until July 1, 1974.

We would appreciate early and favorable consideration of the proposed legislation. The Office of Management and Budget has advised that there is no objection to presenting the proposed legislation to the Congress from the standpoint of the administration's program.

Sincerely,

JAMES R. SCHLESINGER, *Director.*

Enclosures.

The request for legislation dealt only with the increase of the ceiling for the period July 1, 1969, to June 30, 1974.

CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate there is printed herewith in roman type existing law in which no change is proposed; existing law proposed to be omitted is enclosed in black brackets, and new matter is printed in italic:

CENTRAL INTELLIGENCE AGENCY RETIREMENT ACT OF 1964 FOR CERTAIN EMPLOYEES, AS AMENDED

(78 Stat. 1043, 50 U.S.C.A. 403 Note)

* * * * *

TITLE II—THE CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY
SYSTEM

* * * * *

PART D—BENEFITS ACCRUING TO CERTAIN PARTICIPANTS

* * * * *

LIMITATION ON NUMBER OF RETIREMENTS

SEC. 236. The number of participants retiring on an annuity pursuant to sections 233, 234, and 235 of this Act shall not exceed a total of four hundred during the period ending on June 30, 1969, nor a total of **[eight hundred]** *twenty-one hundred* during the period beginning on July 1, 1969, and ending on June 30, 1974**[.]**, *nor a total of fifteen hundred during the period beginning on July 1, 1974, and ending on June 30, 1979.*

Senator SYMINGTON. We have with us Dr. James R. Schlesinger, the Director of Central Intelligence, who will testify on this proposal.

Prior to hearing Dr. Schlesinger, the chair might point out the following.

First, as a matter of form, whatever action the Senate takes will be in the form of an original bill reported by the committee, since the House bill, H.R. 6167, has not yet been reported.

Second, this measure is being considered in closed session at the request of the Director, since his comments will include certain classified data on the Agency, and since sensitive questions can be anticipated in connection with this entire matter. The chair would point out that the Director has furnished an unclassified statement on this measure, which is being released to the press at this time.

Has that been done, Mr. Braswell?

Mr. BRASWELL. Yes, sir.

Senator SYMINGTON. Moreover, these hearings will be published after the deletion of the classified material.

In that connection, Dr. Schlesinger, I think it always well to do so if possible because of the steadily growing antipathy toward closed sessions. We agree with you this should not be an open session if you plan to discuss sensitive matters.

The chair would also point out certain background information with regard to the CIA Retirement Act of 1964, which was enacted to cover principally those employees in the overseas service of the Agency. This system parallels that of the Foreign Service and of the FBI, which permits these employees to retire at ages earlier than those authorized under the normal civil service system. Basically, this act permits retirement at age 50 with 20 years of service on a voluntary basis. Moreover, involuntary retirements, at the discretion of the Director, may be ordered for employees at age 50 with 20 years of service, or at any age with 25 years of service.

A ceiling on the number of those who might be retired at any one time was adopted in 1964 in order to prevent any abuse of the system, but, at the same time it was understood that the number would be increased when necessary to meet the needs of the organization. The original figure was 400 in the first 5 years ending in 1969. At that time another provision was added authorizing an additional 400 for the period ending June 30, 1974.

The chair would point out that both under the existing law, and under the Agency proposal, there would be no ceiling whatever after June 30, 1974.

It might be advisable to continue a ceiling over the next few years, at the same time adopting such figures as may be reasonable to meet the Agency needs.

At this point, Doctor Schlesinger, we will be glad to hear from you on the matter.

**STATEMENT OF HON. JAMES R. SCHLESINGER, DIRECTOR,
CENTRAL INTELLIGENCE AGENCY**

Mr. SCHLESINGER. Thank, you, Mr. Chairman.

I appreciate this opportunity to appear before your committee on a matter of considerable urgency. It involves a simple matter of equity for those of our employees who may be precluded from exercising their rights to earned retirement because of the exhaustion of a statutory quota governing the number of employees who can retire through June 30, 1974.

As you may recall, in 1964 this committee approved a separate retirement system for those of our people who are engaged in overseas operations and certain types of unique or hazardous duty. They represent about one-third of our employees—the remainder are covered by the regular civil service system.

In all major respects the Agency's retirement system is similar to a special provision of the Civil Service Retirement Act which applies to FBI agents and other such law-enforcement personnel. This means that participants in the Agency's system may retire voluntarily, or be retired involuntarily, upon reaching age 50 after 20 years of Government service. The annuity formula is also the same—2 percent of the average high three salary for each year of service.

In setting up this system the Congress established, for the first 10 years of its operation, a quota limiting the number of participants who could retire under the system. This quota is now exhausted. We are therefore faced with a situation where a number of our employees would be denied their lawful benefits upon retirement.

I understand the purpose of the Congress in establishing this quota was to assure the careful administration of the CIA retirement system during its formative years. The original quota governing the first 10 years of the system was set at 400 for the first 5 years and 400 for the second 5 years. By 1970, it became clear the quota of 400 for the second 5-year period—1969-74—would not be adequate, and the law was amended to raise the quota for this second 5-year period from 400 to 800.

Recent developments have demonstrated that even this expanded quota is far from adequate to meet the demands of the system. This shortfall is primarily due to three factors:

First, reductions in the Agency's personnel ceiling were imposed in line with the administration's general policy of promoting economy and efficiency throughout the Government.

Second, CIA, like the rest of Government, underestimated the effect of new incentives for early retirement. In fact, a substantially larger number of employees than had been expected have chosen early retirement so as to take advantage of the increased annuities. As a result of these two factors we have already exhausted the current quota.

There is a third factor which further complicates the problem. It is that the continuing and significant changes in the international scene have brought corresponding changes in the national intelligence requirements and priorities imposed upon the Agency. These changes demand adjustments in the Agency's mission, and in the numbers and skills of the employees it needs to carry out this mission.

But to return to my basic concern, we have a pressing need at this time for legislative relief from the retirement quota in order to avoid a serious and unintended injustice to a number of our employees.

Mr. Chairman, if you or any of the other members of the committee have questions, I should be delighted to answer them.

Senator SYMINGTON. Thank you.

As I understand it, you are reducing the number of bodies in the agency.

Mr. SCHLESINGER. Yes, sir.

Senator SYMINGTON. And therefore, even though we increase the number of retirees it will be a net saving to the Government; correct?

Mr. SCHLESINGER. Yes, indeed.

Senator SYMINGTON. Senator Dominick?

Senator DOMINICK. Mr. Director, what type of personnel are we talking about here, secretarial people, high agency people, or intelligence people?

Mr. SCHLESINGER. In this case, Senator Dominick, we are referring to those who are eligible under the CIA retirement and disability system. Those are basically people who have served overseas for 5 years. Therefore, the applicability applies predominantly to those who are in the directorate for operations, or to some extent the directorate for management and support, particularly the communicators, of whom we have a fair number overseas. Those people will constitute something on the order of 90, perhaps even 95 percent of those who could retire under the CIA retirement system.

A number of people from the other directorates will serve overseas as well. And some of them may be eligible. But the bulk applies to the people in the operations area.

Senator DOMINICK. So we are talking, then, about men and women who have been actively engaged overseas?

Mr. SCHLESINGER. Yes, sir.

Senator DOMINICK. Let's suppose that for some reason or other we put a ceiling on it which in your opinion wasn't adequate to take care of the number of people who want to retire. What do they do then? They have an absolute right to retire later; correct?

Mr. SCHLESINGER. No, sir. If they have transferred to the CIA retirement system, they are in a very difficult position. Unless the quota is raised they are not eligible to retire under the CIA system. We would therefore be forced to keep them on the rolls. At best under those circumstances they could transfer back to the civil service retirement system, which would be legally complicated because they have made an investment in the CIA retirement system.

Also under civil service rules it would require at least a year under the civil service retirement system before they were eligible for those benefits.

So, we would be forced to keep such persons on the roll for a year. And they would have to signify immediately that they would be going over to the civil service retirement system. And they would be denied those additional benefits which are applicable to the CIA retirement system.

In other words, they would be denied those benefits which the Government has contracted for.

Senator DOMINICK. Under the present system, how many are permitted to retire per year?

Mr. SCHLESINGER. Under the present system the quota eligible for the period 1969 through 1974 is a total of 800. By the end of this fiscal year we would estimate that 910 approximately would have desired to retire voluntarily. In addition, we have in recent weeks encouraged the early retirement of some hundreds of additional people who are eligible under the system.

Senator DOMINICK. There has been a shift—I don't know whether they have retired or not—according to the figures that I have of [deleted] between 1969 and presumably the opening of this year, insofar as CIA people overseas are concerned.

Mr. SCHLESINGER. I could give you some numbers on that.

Senator DOMINICK. What has happened to that? That is what I have been trying to find out. Have they been transferred back over here, have they retired, or what has happened?

Mr. SCHLESINGER. With the reduction of our overseas population, the personnel involved returned to the United States, and some have been absorbed and some have retired.

In general there has been a reduction which in large measure compensates for the reduction of personnel overseas. The peak manpower of the CIA was approximately [deleted]. At the present time the manpower—when I took over the manpower was [deleted]. So there has been some reduction. And it is hard to match people overseas against reductions in manpower, but in general there is a rough correspondence.

There is a change in the ratio of people back here in Washington, back here in the United States with people serving overseas. And that ratio of course has risen.

Senator DOMINICK. Thank you, Mr. Chairman.

Senator SYMINGTON. Senator Thurmond.

Senator THURMOND. Good morning, Mr. Schlesinger.

Mr. SCHLESINGER. Good morning, Senator.

Senator THURMOND. As I understand, you wish to reduce the size of the Agency, and you would like to have special legislation to retire certain people; is that correct?

Mr. SCHLESINGER. No, sir. Let me clarify that.

We need legislation even if we do not alter the size of the Agency, because certain persons who wish to exercise their rights to retire—some 110 before the end of this fiscal year, and we anticipate another 260 approximately next fiscal year—would be denied those rights of retirement. Beyond that we will be encouraging some people to retire early, and that adds to the problem.

But even if we were not reducing the size of the Agency one bit, we would need relief from the present quota. And it is a matter of justice to the people who wish to retire voluntarily to assure that the rights that have been established for them can be exercised.

Beyond the number that I have specified, of course, if we encourage early retirement we would like to be in a position to provide the full benefits for the services that these people have rendered.

Senator THURMOND. Would you give an example, now, of some person who could not retire as the law is but could retire if we change the law the way you suggest?

Mr. SCHLESINGER. As a matter of fact, a man who has now served 28 years, 30 years, or 32 years, and who has served more than 5 years overseas, and has transferred from the civil service retirement system to the CIA retirement and disability system, cannot retire. We must keep him on the rolls, or we wind up denying him his benefits.

So, anybody who wishes to retire from the Agency who is in the CIA retirement system cannot do it, no matter how many years he has served, if it is 35 years, or 30 years—there are no such people who have served 30 years in the Agency, but there may be some who have served prior to the formation of the Agency in some other Government employment. And we have a number of people who have served 30 years, 28 years, who cannot retire with their benefits at the present time.

Senator THURMOND. Is that because they would have to reach a certain age before they could retire?

Mr. SCHLESINGER. No, sir, because the law at the present time limits the number of retirees to be 800.

Senator THURMOND. To 800 regardless of whether the people are eligible or not?

Mr. SCHLESINGER. Right.

Senator THURMOND. What is the purpose of that?

Mr. SCHLESINGER. Let me add a word of explanation. We have at the present time 2,100 people who are eligible for these retirement benefits, but we have a quota that limits them to 800. So there are 1,300 people who are in a position to retire now with these benefits by law, but we cannot, because of the other legal constraint, permit them to retire with those benefits. The purpose of the law, of the initial ceiling, 400, and subsequently 800, was to insure that the CIA administered the act carefully and without abuse. The law allows some discretion to the Director of Central Intelligence to permit people to retire early. I think—and at this point I can only provide a judgment—that when the Congress established this particular requirement for the first 10 years, the Congress was afraid that the purposes of the law might be abused by too many people becoming eligible for CIA retirement benefits as opposed to civil service retirement benefits, CIA retirement benefits being somewhat more generous.

And consequently, the Congress wanted to keep a watchful eye during the early years of operation to see to it that these people that they did not believe would be eligible for CIA retirement benefits would not enjoy these benefits.

So it was a way of keeping a handle on the problem.

The problem that we face, however, is that as the staff of the Central Intelligence Agency has aged—and it has aged disproportionately in the operational areas, because relatively few people—have entered into and exited from the Agency in these areas, much less than in the intelligence directorate or the D.D.S. & T.—more and more of our people in the operational directorate are becoming eligible. Just the normal process at the present time results in something on the order of 250 people each year reaching this point. If you take it over a 5-year period there would be a normal retirement of something on the order of 1,250 people rather than the 800 that is reflected in the present quota. So the quota was just set too low.

Senator THURMOND. So, conditions have changed since the quota was set.

Mr. SCHLESINGER. Yes, sir.

Senator THURMOND. You are speaking about the CIA having a more generous retirement. Does that apply to all the CIA employees or just to those engaged in hazardous work?

Mr. SCHLESINGER. It is the latter. To be eligible for CIA retirement one must have served overseas for 5 years.

Senator THURMOND. That is the only requirement, that they have served overseas?

Mr. SCHLESINGER. No, that is not the only requirement. The presumption has been that overseas service represents special service. There are other types of hazardous duties which would permit eligibility under the system. But when the system was set up in the 1964 period, the decision was made to have a firm rule with regard to 5 years of overseas service, without distinctions being drawn between, say, service in Rome or Bogata or Saigon or what have you.

Senator THURMOND. For instance, would a secretary or some administrative person in CIA get the same retirement as civil service here in Washington, or is there any distinction on the retirement?

Mr. SCHLESINGER. I beg your pardon, Senator?

Senator THURMOND. Would there be any difference in the retirement that a secretary, say, in the Agriculture Department would get from, say, a secretary in the CIA?

Mr. SCHLESINGER. If a secretary in the CIA—and they would be very few in number—had for some reason served overseas for 5 years, then there would be a distinction.

Senator THURMOND. That is the distinction, they have to have served overseas for 5 years.

Senator DOMINICK. Would the Senator yield?

Senator THURMOND. Yes, I will yield.

Senator DOMINICK. You mention that there are 1,300 now eligible. Do I understand that you would like to have the 1,300 retire?

Mr. SCHLESINGER. No, sir.

Our problem is that unlike the State Department, unlike the Department of Defense, there has been no selection out system. It has been assumed that people have come in and de facto they have stayed around as long as they have wanted. As a result, we have an aging staff.

The intelligence operations of the United States are peculiar in that to enter you need special qualifications, and you take on new sets of responsibilities. As compared to the rest of the Government, we have now a fairly rapidly aging staff.

As you can see, we have increased rapidly the number of people in the 45 to 69 category. Our staff is aging.

As compared to the rest of the Government, for the executive class population, we have in CIA in grades GS-16, 17 and 18 a disproportionately large number of people over 45. Something on the order of 70 percent of our people are over 45, as opposed to about 50 percent for other agencies. I think that that probably runs in the wrong direction.

This is an indication of our people at the GS-14 and -15 level. These are our feeder populations for higher level slots. As the Agency has

aged, it has become increasingly difficult for us to get additional movement of the younger people. And as a result, whereas in the early years service in the Central Intelligence Agency offered the prospects of developing responsibilities at a relatively young age, at the present time the man who would acquire responsibilities, say, at 55, the early years of the agency would acquire responsibilities at 48 to 50. This shows the feeder population.

Once again, the CIA has had a history of continuity of employment. And the effect of this has been that more of our people have been with the Government for more years than is true of other agencies, something on the order of 70 percent. While 85 percent of our people in the executive population have been with the Government for more than 20 years, less than 15 percent, actually 13 percent, have been with the Agency under 20 years in our executive population. And this is particularly true if you take all of the other directorates except D.D.S. & T., which is a new directorate and which has, although the smallest of the directorates, encouraged entry and outflow, so that you have a group of scientists and technical people moving into the Agency and out of it. But aside from that particular directorate, we are in a position in which most of our people in the executive population have in excess of 20 years service. Correspondingly, there has been reduced opportunity for younger people, and we have had a movement out of some of our younger people whom we would like to retain in order to build for 20 years ahead.

Senator SYMINGTON. I think that is clear.

Mr. SCHLESINGER. This chart shows the difficulty that we are having at the present time. The red curve indicates the bulge in our personnel over the age of 50, running from 1970 to 1980, approximately. We are facing a very severe hump in the age composition of our personnel. And that is causing increasing difficulties, irrespective of any downward adjustment of the total number of people on the agency payrolls.

Senator SYMINGTON. Senator Nunn.

Senator NUNN. No questions, Mr. Chairman.

Senator SYMINGTON. Senator Saxbe.

Senator SAXBE. I have gone over this, and it seems to me that it is a very reasonable request. I think it should be approved.

Senator SYMINGTON. That is all?

Senator SAXBE. Yes.

Senator SYMINGTON. Would you object to making this bill effective on the date of enactment?

Mr. SCHLESINGER. No, sir.

I might make two points on that. We are in a position now in which people are being placed on administrative leave rather than being retired because we do not have quotas. And, therefore, we encourage action as rapidly as possible.

Senator SYMINGTON. That is why we suggested retroactive.

Mr. SCHLESINGER. We do not need it to be retroactive, but we do need rapid action. If by any chance this were to slip over beyond July 1 we would have additional problems because those people would not be eligible for the cost-of-living benefits.

Senator SYMINGTON. You ask for 2,100. That is a pretty big increase. Could you get along with less than that, say, 1,700?

Mr. SCHLESINGER. We could get along with 1,700, but it would be tight. And it would reduce our flexibility.

Senator SYMINGTON. Do you think you need 2,100 to get flexibility?

Mr. SCHLESINGER. I think that obviously 1,800 would provide us with more flexibility than 1,700.

Senator SYMINGTON. With 2,100 you would be retiring everybody eligible?

Mr. SCHLESINGER. No, sir. We ask for the 1,300 additional on the basis that 1,300 people right now are in a position to retire. There will be another 265, I believe, who will become eligible to retire.

Senator SYMINGTON. You would triple, or nearly triple, the number of people.

Mr. SCHLESINGER. I think that is right, Senator. But the point I would make is that the present quota is far too low even for the initial purposes, that the present quota should have been like 1,300 just to take care of those who were anticipated to be retiring. And consequently, what we are talking about here is an additional 800 to provide us with flexibility.

Senator SYMINGTON. Let me suggest that you consider not taking all the people eligible and putting them on that list.

Mr. SCHLESINGER. That certainly will be the case, Senator.

Senator SYMINGTON. A man works for the Government 20 years, then retires. He gets his retired pay and can go out and get another job. In the military, many good people retire after 20 years. They then go out and get three or four times what they get as retired pay.

Mr. SCHLESINGER. I think that the Government wishes to look at its retirement schemes all across the board, and we shall be looking at ours in association with that process.

As you may know, I worked on the Interagency Retirement Group that the President established a year ago for the Department of Defense. And it is plain to me that there are many improvements that can be made over there to increase the effectiveness and reduce the cost of of the retirement system. And I think that we have to adopt the retirement system to the new responsibilities of the United States.

Senator SYMINGTON. For the record, was there general dissatisfaction with the personnel you found after taking this Agency over?

Mr. SCHLESINGER. No; I would not say that there is a general dissatisfaction. I think that I would like to be in a position to bring on some additional people for the purposes of further enlivening the agency. But there is no general dissatisfaction. We have a problem in that in some of the areas—let us look at the last chart, the vertical one—in some of these areas we just have too many people.

It turns out to be too many people in the operational areas. These are people who in the past have served overseas. As a result of the reduction in a number of exercises, the number of people overseas was 35 percent higher in 1959 than it is today. And the number of people in the Directorate of Operations overseas has shrunk by—it is [deleted] as opposed to [deleted] in 1959. So we are 70 percent higher in that period of time.

Increasing emphasis is being placed on science and technology, and on intelligence judgments. But these are not groups that fall under the heading of the CIA retirement system.

Senator SYMINGTON. If the committee decides that some sort of ceiling should remain in the law over the next few years, what is your projected requirement for the next 4 years for, A, voluntary, and B, involuntary retirement? In other words, what would be the accumulative number that would be authorized over the next 4 years?

Mr. SCHLESINGER. Over the next 4 years I can give you—there is a difficulty in adapting the present system, which is 5 years and 800 people, to changing the period of time.

Senator SYMINGTON. Would you file a figure for the record on that?

Mr. SCHLESINGER. Yes, indeed. But the number for a 4-year period, I would think would be in the range of 1,800, 2,000 additional, I would say, if you want to work on the basis of a 4-year period.

Senator SYMINGTON. I think your people gave our staff 1,100 for 4 years and 1,300 something for 5. Does that sound about right?

Mr. SCHLESINGER. I think that that probably was restricted to the number of people who would normally be reaching retirement age. And that would imply no flexibility to adjust to these new requirements.

Senator SYMINGTON. You have indicated in your statement that the need for this bill is related in part to the new direction you would like the CIA to take. Is it true that this bill would apply exclusively, or almost exclusively, to those who work on covert intelligence missions and paramilitary activities, but would apply very little to the analysis side of the CIA?

Mr. SCHLESINGER. The latter is true, it would apply virtually not at all to the analysis side of CIA. It would, of course, cover all covert or paramilitary activity, but in addition, it would cover other overseas assignments also.

Senator SYMINGTON. Is it true also that the need for the legislation arises in part from the greater number of CIA personnel who in the future would be eligible for voluntary retirement than in the past because of the aging nature of the clandestine service?

Mr. SCHLESINGER. Yes, sir.

Senator SYMINGTON. You covered that question?

Mr. SCHLESINGER. Yes, sir.

Senator SYMINGTON. Senator Cannon.

Senator CANNON. I am sorry, Mr. Chairman, I missed the first part of this.

But, do I understand from your charts, and what I have read here now, that you have already used up the full quota of retirement for this year, the 800?

Mr. SCHLESINGER. Senator, the retirement quota is set for a 5-year period, extending from 1969 to June of 1974. We have already exhausted it, so that for the next 15 months we have no quota, and approximately 400 some odd people, who would normally be anticipated to be taking retirement. That might be increased because of the cost-of-living increase and the desire of many Federal employees to take advantage of it.

Senator CANNON. You have got me a little confused. Let me ask you this. The chart shows the 800 quota used as of March 27, 1973.

Mr. SCHLESINGER. Right.

Senator CANNON. So that the 800 in the bill that we are authorized now retired as of March 27, 1973?

Mr. SCHLESINGER. Yes, sir.

Senator CANNON. And, therefore, you have none for the rest of 1973?

Mr. SCHLESINGER. And none for all of 1974.

Senator CANNON. That was my question, none for all of 1974?

Mr. SCHLESINGER. That is right.

Senator CANNON. So that the 1,179 that you show as eligible in 1973, does that mean that if you had the authority all of those people would retire by June 30, 1973, or would some of those carry over?

Mr. SCHLESINGER. Many of them would carry over. The point is that we have got to get a better distribution of our age population.

May I say something off the record, Mr. Chairman?

Senator SYMINGTON. Very well.

(Discussion off the record.)

Senator SYMINGTON. Back on the record.

Senator Ervin, any questions?

Senator ERVIN. No questions.

Senator SYMINGTON. Any further questions?

Senator NUNN. Let me ask just one question. I do not know if it has already been asked.

I believe you said you had 1,183 that would be eligible for the remaining part of fiscal 1973.

Mr. SCHLESINGER. We have 1,179 eligible right now.

Senator NUNN. And how many would you have eligible for fiscal year 1974; approximately?

Mr. SCHLESINGER. 386 additional become eligible in 1974.

Senator NUNN. Do you have any present plans as to how many of those would be involuntarily retired?

Mr. SCHLESINGER. No, sir. What we have done in a recent exercise is to provide a little headroom—may I go off the record again, Mr. Chairman, for one sentence?

Senator SYMINGTON. Off the record.

(Discussion off the record.)

Senator SYMINGTON. Back on the record.

Mr. SCHLESINGER. We may wish to have some further retirement in the years ahead. We are going to do some restructuring of the Agency. And some of the jobs, as a result of restructuring, may become duplicative. There may be overlap. And consequently, involuntary retirement may come about for that reason. It is difficult to predict at this time how many of these jobs might become duplicative.

Senator NUNN. One just very general question.

We have had several newspaper articles relating to your changing philosophy in the CIA and management philosophy, and some of the things we are talking about today, particularly in regard to the possibility of morale problems, and so forth. Do you have any general observations to make regarding these articles? I wish I had one or two of them with me.

Senator SYMINGTON. Would you be willing to have that answered for the record?

Senator NUNN. I would be glad to withhold that. I just did not know whether he had any rebuttal of it. Some of it has been critical.

Mr. SCHLESINGER. I think I can answer that in about 1 minute, Mr. Chairman.

You have morale problems, but you have got to balance off morale problems. We have had some morale problems in the Agency because some of the people who have left the Agency have left there partially dissatisfied because they saw insufficient opportunity, partly because they did not believe that the Agency was vigorous enough, that it had become a tired bureaucracy. You lose people, and some of those people are the ones you want to retain. We have had a fair amount of criticism from former employees one way or another. And I do not expect the level of that criticism to be very much altered by the current exercise.

The main point that I would make is this, that in view of the pressures on the Government budget, we must not be in a position in which individuals in the agencies feel that they have a sinecure, any more than any place else. The intelligence community of the United States is not designed to provide cushy positions for time servers. And that is the fundamental point with regard to the pressures, downward pressures on national security expenditures.

In addition to that, the intelligence community must in particular avoid becoming like other bureaucracies.

Senator NUNN. Thank you.

Senator SYMINGTON. Mr. Director, for what it is worth, and in effort to be constructive.

For many years, on various jobs, I have been going around the world and have found the people in the Central Intelligence Agency under Dulles, McCone, Rayburn, and Helms, superior to the military intelligence which in many cases duplicated CIA functioning. If there is any field in which experience is worthwhile as against brilliance, it would be in the intelligence field. There is a lot of talk about restructuring these agencies to be under White House domination. I was surprised to learn to the Committee of 40, the chairman being Dr. Kissinger, and so forth. I hope, in the streamlining of this Agency for theoretical efficiency—and I say this based on contact with our intelligence people around the world over a long period of years—I hope what is going on, in effort to cut for efficiency, you do not cut capacity.

Mr. SCHLESINGER. We have no intention of doing that, Senator.

Senator SYMINGTON. Well, this is a pretty deep cut. The staff has given me papers on it. You are, in effect, putting everybody eligible for retirement on the list. At 55, especially where talking to Senators, one does not feel intellectually or physically dead at 55, the figure you are referring to.

I say this in all good will, because from the standpoint of intelligence gathering, there never has been, in my experience, better people, far better than State, far better than the military. There are rumors going around that this Agency is going to be streamlined, reduced, changed, et cetera. I would imagine that one of the reasons you are changing is increased reliance on technical collection as against people in the countries themselves. In any case, I do hope that it is not an action that someday is going to come back and bite us in the future.

Mr. SCHLESINGER. May I make two observations, Mr. Chairman?

Senator SYMINGTON. Sure.

Mr. SCHLESINGER. First, we are delighted that you have been pleased with the performance of the Central Intelligence Agency over the years. And we hope you will be additionally pleased by further improved performance.

Second, you made mention of the arrangements that have existed with regard to seeing to it that the CIA does not go off on its own. As you will recall, the particular arrangements that you refer to, those kinds of arrangements were established by President Kennedy after the Bay of Pigs to insure, or I think to further insure, that intelligence operations were consistent with administration policy, because there had been some reaction, quite naturally, to the Bay of Pigs. And I think that it has generally been desired by all parties that those kinds of operations be vented, as it were, in an atmosphere in which the authorities know what is going on.

Senator SYMINGTON. This is my 21st year on the Armed Services Committee—and I have never seen a Central Intelligence Agency estimate of the Soviet Air Force that was not lower than our Air Force estimate, nor a Navy estimate of the Soviet Navy that was not higher than the CIA estimate. The same thing is true for the Army. And I would hope that—

Mr. SCHLESINGER. I expect you will find a continuation of that.

Senator SYMINGTON. We build our military establishment based on intelligence. If that intelligence becomes an arm of the Pentagon, for my money it becomes worthless. It is the independence of the Central Intelligence Agency, under people like McCone and Helms, that to me has been its greatest asset.

With one notable exception, it has invariably proved more accurate in its estimates than the military estimates.

So I sure hope we do not lose an independent intelligence approach.

Mr. SCHLESINGER. Let me reiterate what I said to this committee at the time of my confirmation here, if I may, Mr. Chairman.

Intelligence has got to be absolutely first class. It has got to be based on complete intellectual integrity. It is very important that we call them as we see them. It is also important—and this is part of the game of altering the structure of the community—that the civilians not indulge in counterbiasing or reactive estimating, because the military says *x*, we will say *y*. We have got to call them as we see them. And that is my intention. And it shall remain my intention.

Senator SYMINGTON. We sent out some staff men, from Foreign Relations, good staff men. They turned up much information about intelligence that nobody had told us about, any committee. They said one of the greatest duplications they found anywhere with respect to unnecessary spending of the taxpayers' money was in the intelligence field. What kind of pressure can you bring as head of the intelligence community, to help reduce personnel and overall costs of the military, intelligence services?

Mr. SCHLESINGER. As you will recall, in November of 1971, the President issued a letter which indicated that the DCI should have oversight over the entire intelligence community. I think that the powers of persuasion, or the powers of influence, will give me sufficient influence over those other components of the intelligence community to see to it that the amount of duplication is substantially reduced.

And let me say that the President and yourself, Mr. Chairman, are in total agreement on the need for competing analyses. When we talk of avoiding duplication, we are talking about duplication in the expensive collection activities. But we want to have competing analyses so that each group, including groups that are tied to the services, has an opportunity to press their individual judgment. Unless you have this kind of internal debate, you can run into some very serious difficulties.

Senator SYMINGTON. I was surprised to find out, to the best of my recollection, that the Central Intelligence Agency, considered the dominant agency in the intelligence field, gets only about 17 percent of the total intelligence dollar.

Senator THURMOND, anything further?

Senator THURMOND. I have no further questions, Mr. Chairman. Thank you.

Senator SYMINGTON. Senator Cannon, any further questions?

Senator CANNON. No.

Senator SYMINGTON. Senator Dominick?

Senator DOMINICK. No, sir. I will just make the statement, to defend the Air Force intelligence, that during the Bay of Pigs I actually saw pictures coming in, given to us by Air Force intelligence which were—I did not have any connection with the CIA at that point—but they were at least more accurate than the information we were getting out of the White House.

Senator SYMINGTON. It was an unfortunate operation, conceived in the Eisenhower administration, carried out in the Kennedy administration. Everybody regrets it. The CIA told me they were the ones who first discovered the missiles through their pictures. The Air Force said they were the ones, through their pictures. The Marines felt they discovered them in their pictures. In any case, let us all be glad they were discovered.

What is the current status in Laos, also in Cambodia?

Mr. SCHLESINGER. [Deleted.]

Senator SYMINGTON. The Geneva Laos Accord of 1954 specified everybody would withdraw their troops. Nobody did, on either side. Are we using B-52 bombers in Laos now?

Mr. SCHLESINGER. No, sir.

Senator SYMINGTON. We are not?

Mr. SCHLESINGER. No, sir.

Senator SYMINGTON. Senator Thurmond, any questions?

Senator THURMOND. No questions.

Senator SYMINGTON. Senator Cannon?

Senator CANNON. No questions.

Senator SYMINGTON. Senator Dominick?

Senator DOMINICK. No.

Senator SYMINGTON. Senator Nunn?

Senator NUNN. No.

Senator SYMINGTON. Thank you very much, Mr. Schlesinger. We will now go in executive session to consider your bill. We appreciate your courtesy and that of your people in coming this morning.

Mr. SCHLESINGER. Thank you very much.

(Whereupon, at 11:05 a.m., the committee went into executive session.)