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GRADE RETENTION BENEFITS FOR CERTAIN FEDERAL EMPLOYEES

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HEARINGS

BEFORE THE

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VERSITY

SUBCOMMITTEE ON

SATION AND EMPLOYEE BENEFITS

OF THE

COMMITTEE ON

OFFICE AND CIVIL SERVICE

SE OF REPRESENTATIVES

NINETY-FIFTH CONGRESS

FIRST SESSION

ON

H.R. 5330 and H.R. 6953

BILLS TO AMEND TITLE 5, UNITED STATES CODE, TO
PROVIDE FOR GRADE RETENTION BENEFITS FOR CER-
TAIN EMPLOYEES WHOSE POSITIONS ARE REDUCED IN
GRADE, AND FOR OTHER PURPOSES

JUNE 20 AND 27, 1977

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GRADE RETENTION BENEFITS FOR CERTAIN FEDERAL EMPLOYEES

MONDAY, JUNE 20, 1977

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

The subcommittee met at 9:35 a.m. in room 304, Cannon House Office Building, Hon. Herbert E. Harris II (acting chairman) presiding.

Mr. HARRIS. The subcommittee will come to order.

The subcommittee has convened this morning to begin its deliberations and hearings on H.R. 5330 by Congressman Harris and H.R. 6953 by our committee chairman, Mr. Nix, and cosponsored by Congresswoman Spellman, as well as all other identical bills which by one means or another provide for grade and pay retention benefits for certain employees whose positions are reduced in grade.

I want to make it clear Mrs. Spellman is not able to be here this morning because of an emergency that came up. She will be here later, I believe. She is a cosponsor of H.R. 6953.

The subject matter of these hearings is probably the most important this subcommittee will consider affecting employees during this, the 95th Congress.

I am particularly happy to report that the cooperation of various agencies and the executive branch in slowing the process of downgradings until the legislature has had a chance to act has to date gone relatively well.

Personally, I was appalled to learn that it is very possible for an employee to be in a particular grade for 5, 10, or even 15 years and then one day be told by the Government, through his or her agency, that he or she has been overclassified all these years and they are dropping him or her back one or two grades. The Government then, through some kind of cold-hearted irrational regulations, accepts absolutely no blame whatsoever for the overclassification.

Staff research tends to show that whenever a particular administration goes on an austerity move, that suddenly a reclassification surge takes place throughout most agencies. One could almost make the assumption that reclassification is but a tool of management to be used to save money rather than properly structure an agency's position to maximize the use of its personnel.

I certainly understand that Government classifiers can and do make a certain number of mistakes, but at the same time, it must be realized

that the mistake is not the fault of the employee who is being classified.

The issue before us, then, may be phrased with the question: Is it right to allow an employee to build his or her life style and social prestige around a certain grade and pay year after year, and then for someone to suddenly come in and say, "a number of years ago, we made a mistake in classifying your position, but we accept no responsibility, and now we are going to demote you"? This is the question which brings about these bills, the answer to which we will be seeking throughout these hearings.

Our first witness today is Mr. Irving Geller who is the general counsel of the National Federation of Federal Employees.

Welcome, Mr. Geller. We have your statement here. We could place the whole statement in the record right now and have you brief it, which, quite frankly, I prefer. But if you like, go ahead and read the whole statement.

**STATEMENT OF IRVING GELLER, GENERAL COUNSEL, NATIONAL
FEDERATION OF FEDERAL EMPLOYEES, ACCOMPANIED BY
MAUREEN CLANCY, LEGISLATIVE LIAISON**

Mr. GELLER. I would be pleased to summarize it. And with your permission, I would like to have the statement included in the record.

Mr. HARRIS. Without objection, so ordered.

[The complete statement of Mr. Geller follows:]

**PREPARED STATEMENT OF IRVING GELLER, GENERAL COUNSEL OF THE NATIONAL
FEDERATION OF FEDERAL EMPLOYEES**

Madam Chairwoman and members of the subcommittee, I am Irving Geller, General Counsel of the National Federation of Federal Employees, the largest independent union of Federal career employees. Accompanying me today is Maureen Clancy, the Federation's legislative liaison.

Madam Chairwoman, we appreciate the opportunity to present our views to the Subcommittee about remedies to action which is unsurpassed in its devastating impact on employee morale and hence Government efficiency—downgrading! We are encouraged by these early hearings and by the personal interest you have shown in this problem. We commend you for your co-sponsorship of a grade retention bill, and for your recommendations for investigations of downgrading in the Federal service.

The Federation supports H.R. 6953, sponsored by the Chairman of this Committee, Rep. Robert Nix, and co-sponsored by the Chairwoman of the Subcommittee, with two amendments that I will propose in a few moments.

A "saved-grade" proposal, as grade retention bills are commonly referred to by Federal employees, originate with our organization. In 1973 we urged a version of "saved-grade" on Rep. David Henderson, past Chairman of the House Post Office and Civil Service Committee. That legislation was strongly opposed by the Civil Service Commission.

In the 94th Congress, Rep. Henderson again introduced his measure and was joined in the Senate by Sen. Charles McC. Mathias of Maryland. Again no action was taken. In the present Congress, in addition to Reps. Nix and Spellman, another member of this Committee, Rep. Herbert Harris, has sponsored a grade retention bill similar to the Mathias measure. Sen. Mathias has reintroduced a companion in the Senate. Both men have significant Federal employee constituencies and are well aware of the massive escalation of downgradings in recent years. We commend Rep. Harris for inserting into the Post Office and Civil Service Committee's report to the Budget Committee a grade retention measure, thus helping to insure action by the Civil Service Committee in 1977.

Downgrading has reached epidemic proportions. As the Government implements its new classification plan—the factor evaluation system—this ill-advised

practice will probably spread even further. It is hard to locate a Federal installation that has not been hit by grade reductions. Downgrading has affected both wage grade and general schedule employees. To name only a few Government activities where NFFE members have been involved we cite: Letterkenny Army Depot, Chambersburg, Pennsylvania; Fort Ritchie, Maryland; Bureau of Indian Affairs Area Office, Albuquerque, New Mexico; and BIA headquarters, Washington, D.C.

At the Letterkenny Depot, for example, there have been 200 downgradings over the past two and one-half years. Several of these actions remain in the appellate stage at the Civil Service Commission. These workers are engaged in various trades and crafts vital to our national defense. Many of the employees have served in positions for five to ten years and have been forced to accept demotions at the height or culmination of their careers.

Saved-grade is an idea whose time has clearly come. The Government "efficiency experts" are still eagerly reclassifying jobs and, hence, employees, according to mysterious standards couched in the most incomprehensible and confusing language.

Recently NFFE invited 100 of its leaders from the field to Washington, D.C. to visit with key members of Congress about the issues that concern them. The NFFE members stressed the need for saved-grade legislation in their meetings with the lawmakers. Madam Chairwoman, these Federal employees encountered a very wide range of support for this proposal—from Democrats and Republicans, from legislators from virtually every section of the country. Thus not only is saved-grade needed more than ever, it now appears to have its best chance of passage since 1973!

Madam Chairwoman, I urge the Subcommittee to take early action on these bills since such a measure would help many Federal employees whose careers are constantly receiving the shocks of downgrading, RIF's, delayed pay raises, etc., sleep easier in the coming months. Until the fate of these legislative proposals is certain, NFFE recommends that President Carter declare a Government-wide moratorium on all downgradings.

In several ways, H.R. 6953 improves and expands upon the other saved-grade proposals we have mentioned. We note that this bill applies retroactively to July 1, 1975—thus employees who have recently suffered the indignity of downgrading can be restored to their previous grades. We suggest that H.R. 6953 apply retroactively to July, 1974—since the major portion of the wholesale downgradings date back to this period. While NFFE believes that the retroactive period could be extended as far back as ten years if absolute justice were to be achieved, we are aware of the administrative difficulties involved in retroactive actions generally.

H.R. 6953 allows the Government a one-year grace interval after the establishment of a job. During this year, the position can be reduced in grade. After the year, however, a position may be "red-lined" for future action, but cannot be downgraded until the incumbent leaves. We believe the one-year interval is adequate for management to catch its own classification errors.

In addition to the usual job insecurities faced by Federal employees, a new sword hangs over their heads. President Carter came into office partly on a pledge of reorganizing the Government. In the past, we have observed the development of many clever schemes designed to save a few pennies at the expense of dedicated workers and effective Government. One of these is the reorganization which involves many employees being handed new position descriptions, invariably at a lower grade. Although we believe that the President is sincere in his belief that streamlining the Federal establishment will enhance service to the taxpayer, we recommend that H.R. 6953 be amended to clearly protect any workers downgraded as the result of a reorganization or reduction-in-force. President Carter promised civil servants early in his Administration that they would not be hurt by his changes in the Executive Branch. Expanding the coverage of H.R. 6953 would make it easier for Mr. Carter to keep this promise.

NFFE has had some queries from its members about back-pay. Since the measure is retroactive to mid-1975, some of the covered workers have not realized all of the earnings they would have had but for the downgrade—despite saved-pay. However, we have pointed out that downgrading has been a widespread abuse for many years. Although it would be an administrative nightmare to go back much further than three years in restoring original grades, that still does not deny that many employees suffered a great injustice. To give extra

reward to those lucky enough to have been downgraded in the past several years while ignoring all the others is a little too unfair.

Another proposal we have seen for downgrading protection includes leaving employees in their original grade for two years after the reduction. During this period agencies would be required to make every effort to place the employees in jobs at the higher grades. If this effort fails, after the two years employees would be placed in a lower grade, but would be given protection against any cut in salary and would get limited pay raises equivalent to 50 or more percent of the salary increases of the top step of their new lower grade. These raises would continue until their pay leveled out at the top step of their lower grade. Unconfirmed press reports have the Administration favoring this idea. Although we have not seen an official announcement of Administration policy on saved-grade, we will comment on the proposal just outlined.

NFFE is not enthusiastic about this complicated scheme. First, agencies have very poor track records in "outplacement" programs. Currently, installations are encouraged to give downgraded workers priority consideration for job openings at higher grades. But Madam Chairwoman, such promotions occur so infrequently that we have reason to question the good faith of the efforts made by management. We would be particularly leery if the Administration intends to have the agencies set up their own outplacement programs. The Bureau of Indian Affairs, in which many workers who lack Indian preference have had their careers curtailed by a 1974 Supreme Court decision, has an outplacement program that's an appalling flop. We fear that history will repeat itself in other agencies with a new downgrading placement program. In addition, appropriate jobs may simply be unavailable.

Secondly, it does not speak to the basic inhumanity of downgrading. It does not help the individual worker who after two, five, ten, or fifteen years of competent service is subjected to such an adverse action through no fault of his or her own. Employees may like their particular positions. They probably have developed great expertise at their jobs and may not regard being transferred to another slot, albeit a higher grade, as such a bonanza. The choice may be to accept an unattractive position at their previous level or submit to the humiliation and sacrifice of a downgrade.

Observers of the Federal service have noted that the average grades of Government workers have increased. Critics refer to this phenomenon as "grade-creep." The reasons for the larger number of higher grades has to do with the changing nature of the Federal work-force. Today the Government employee tends to be better educated than his private sector counterpart. As Federal programs grow in quantity and complexity, the need for more highly trained workers and professionals has likewise increased.

We do not wish to leave the Subcommittee with the impression that only high grade employees are threatened with downgrading. Recently the Civil Service Commission attempted to force the General Services Administration to reduce the grades of between 500 and 600 custodial laborers in Government buildings coast to coast. The employees involved were not highly-placed "bureaucrats," but low-paid restroom cleaners whose grades were to be pounded down to WG-1, the very bottom rung of the Wage Grade salary ladder. For ten years, these jobs had been classified at WG-2s.

This contemplated action by CSC, which occurred this April, reflects the continuing meat-axe approach to saving money in the Federal service. NFFE deplores this attitude and submits that reducing workers' wages to near poverty level in the wake of the worst economic depression since the 1930's is both cruel and stupid.

In the past critics of saved-grade have said to NFFE: "Federal workers have saved-pay for two years. Why do they need saved-grade?"

That's an easy question to answer. A loss in grade is a loss in status. A GS-7 is closer to becoming a GS-9 than a GS-5. Workers do not toil for dollars and cents alone. This is particularly true of younger employees, who vocally assert the need to feel that their contributions are valuable and valued. A downgrade is a backward movement in an individual's career, and one that occurs through no fault of the employee. And of course, downgrading does ultimately affect earning power.

In summary Madam Chairwoman, NFFE calls for a Government wide moratorium on downgrading until protective legislation can be enacted. We support H.R. 6953, with the retroactive coverage extended to July, 1974. We also recom-

mend that the bill be amended to apply to workers downgraded during a RIF or reorganization. On behalf of our members and all Federal employees, we urge this Subcommittee to take early action on the bills.

We again express our appreciation for the opportunity of presenting our views to the Subcommittee. This concludes my prepared statement, and I will be happy to respond to any questions.

Mr. HARRIS. Mr. Geller, we appreciate your coming here this morning. You may proceed to summarize your statement.

Mr. GELLER. Thank you.

To my left is Maureen Clancy. She is legislative liaison for the National Federation of Federal Employees.

We are most appreciative of this opportunity, Mr. Chairman. This bill and bills like it, we believe deserve the special attention of the committee because of the injustices that the downgrading-actions have caused over the years.

We are pleased to speak to this question since there has been an acceleration of the downgrading activity, and the Chair has noted that there has been a decrease in such activity.

I don't think the word has completely gotten out to the various installations because we find that there is a continuation of the downgrading activity, particularly at the lower levels. And we hope that the committee will advise or recommend to the President and to the Civil Service Commission that a moratorium be declared on the downgrading action.

As indicated in our statement, there have been several thousand employees who have been downgraded over the past 5 or 6 years and to a lesser extent prior to that time. And these downgrades occur for a variety of reasons.

Sometimes because of classification errors; other times because of a change in standards. There might be a miniscule change in duties, but all of the changes come about due to management efforts.

The employees are the victim of something that the agencies have done or the Civil Service Commission has done. And what is said about it is that the net result of the action conflicts with many of the other programs which the Commission sponsors and which agencies sponsor such as upward mobility and the hiring of minorities and equal employment opportunity and special hiring opportunities for the Vietnam era veterans.

So that each of the people who fall into this category suddenly find instead of upward mobility, they are experiencing downward mobility. And many people who believe in the integrity of their grade, who might take a lateral reassignment with the prospects for future promotion, suddenly find that their expectation is thwarted by the downgrade of the position.

And this brings us to another aspect of this devastating and pernicious practice on the part of the agency. There is an appeal right which permits people to appeal the downgrade of their action. However, the Civil Service Commission has a sister or brother arm known as the Federal Employee Appeals Authority which acts on the basis of an evaluation that is furnished to the appeals authority by the Civil Service Commission.

So we have the serious question arising as to whether the Federal Employee Appeals Authority can properly and fairly adjudicate ap-

peals which originate from downgrading of employees. And we submit that the adoption of any one of these bills would serve as a valid management tool in permitting the Government to structure its jobs correctly without causing employees to suffer the devastating effect of finding out one day after 10 years of serving in a job that somebody made a mistake.

And bearing in mind that if the employee knew that the job or grade of the job was in question, he could have taken other avenues to rectify that situation.

So in our survey of the Congress, we found no Congressperson or any other individual who disagreed with the proposition. So we are most anxious that this piece of legislation be passed.

We would hope that the retroactivity could be extended back 1 year to July 1, 1974. Congressman Nix in his bill used the date July 1, 1975. There were a large number of downgrades affected in that year, and for that matter perhaps a year or two before.

I realize that this is an arbitrary date that we must set and hopefully that we can exercise some decent discretion in the matter.

I would be pleased to answer any questions that the chairman or Congresswoman Spellman may have.

Mr. HARRIS. Thank you very much, Mr. Geller. It is the first time I had the pleasure of chairing a meeting that you have appeared before as representative of your organization. I appreciate working with your predecessors, and I appreciate working with you.

You mentioned that there were a great many downgradings in the period 1974 to 1975.

Mr. GELLER. Yes; correct.

Mr. HARRIS. Do you have any specific information on that?

Mr. GELLER. Yes. Well, I could speak to a very important defense installation where I personally participated and perhaps 200 to 250 appeals were up at the Letterkenny Army Depot in Chambersburg, Pa. This had a devastating effect on the morale of the employees and is continuing to have that effect.

Mr. HARRIS. What installation was that?

Mr. GELLER. Letterkenny Army Depot. The employees serve in occupations such as machinist, artillery repairer, optical repairer, all very closely identified with the defense effort.

Mr. HARRIS. I no sooner asked the question, as a matter of fact, than I realized really what a silly question it was. Because I do recall massive downgrading in August of 1974. We took care of the President about that time, I think. That was a real downgrading, I guess.

Mr. GELLER. And National Guard Technicians suffered a massive downgrading action, I believe, in 1973. But these have been ongoing.

Mr. HARRIS. I just wanted to check to see what kind of a safeguard position we have for the Presidency. I just hope we don't have it.

Mr. GELLER. Curiously enough, both FBI Director Hoover and General Hershey were in just such situations. They were in protected grade levels at more altitudinous level than machinists, but written into the classification of their positions were, I note, that when those jobs were vacated, they would be changed to a lower grade.

But that system was adopted for people in the higher ranks of government. That's why I mention it.

Mr. HARRIS. You indicate that you would like to go back to July of 1974. But you also indicate that if we went back to July 1973, we would pick up even more of the downgrading.

Mr. GELLER. Correct.

Mr. HARRIS. July 1975, is not, as I understand Mr. Nix's thinking on this, an arbitrary date. July of 1975 would correspond to the effective date of the act which had a 2-year safeguard provision in it. I think that's why Mr. Nix probably picked July of 1975 which would have some logic to it.

Would you anticipate a great deal of difficulty, in going back to 1975 or 1974, with identifying all the different actions?

Mr. GELLER. I don't anticipate there would be too much difficulty. There will be some. It will be an administrative problem.

But I think the injustice is so severe that it is worth the effort, and the action was not caused by the employees, but rather by the Civil Service Commission and the management of the agencies.

So that we would hope it would be made retroactive as far back as possible.

Mr. HARRIS. Mrs. Spellman?

Mrs. SPELLMAN. Do you have any idea of how much money we are talking about if we were to go back?

Mr. GELLER. Well, frankly, I don't. In some instances, of course, it would save pay so that for the first year, there isn't much of a cost outlay. And for the second year, perhaps there is a lesser amount of money involved. But the money that would be saved by the confusion and the appeal process with which the Government gets involved, I think would offset any dollars that were expended.

The appellate process is an extraordinary one. It is drawn out; it is distended. Many of the actions that occurred in 1974 are still in the appellate stage. They may go into the courts. So that I don't know the exact figure. I think it is a relatively small one based on the saved-pay aspect and the other expenditures that the Government must make in order to enforce or resist the appeals of the employees.

Mrs. SPELLMAN. You make an interesting point. Appeals, of course, are expensive.

Mr. GELLER. Very expensive.

Mrs. SPELLMAN. Do you have an idea of whether a great many of these are being appealed?

Mr. GELLER. Well, I would estimate that at least 50 percent, and in some instances 70 or 80 percent. And this causes other problems where the employees who don't appeal may not get the advantage or the adjustment that employees who assert their rights do.

And this would correct that anomaly.

Mrs. SPELLMAN. You said something about placement programs.

Mr. GELLER. Yes.

Mrs. SPELLMAN. Can you tell us how you feel those work?

Mr. GELLER. Well, they are generally very poor. The Civil Service Commission has had a so-called stopper or referral list for people who have suffered loss of job or downgrading. It has been completely ineffective. The Department of Defense has had some better experience, but on the whole, it is a very poor system. And it is quite ineffective. And merely promising to do more or making the agencies do more is

simply not a solution. And the basic proposition is nobody knows for certain what the proper grade is. It is a very unscientific determination.

And in most instances, it is quite an arbitrary one. So that you have the further hazard if you reassign a person or transfer a person to another job of losing the talents of a person that is experienced in the work that they are doing.

And merely offering them another job at a like grade in a totally different field is an ineffective way of administering the Government's business.

Mrs. SPELLMAN. If there were out-placement programs, you indicated that you didn't think the agencies themselves should handle them.

Mr. GELLER. All we can go on is past experience. And the out-placement programs have proven to be quite ineffective.

As a matter of fact, in the present system, as part of the appellate process, the agency is supposed to demonstrate that it has made efforts to place the person in another job so that the notion is not new. And there is a mandatory aspect to it. And it simply hasn't worked.

If you have 1,000 jobs and you proceed to downgrade 100 of them, you still have 1,000 jobs. So that there is no room for them to go any place within that agency at least. And other agencies may be experiencing the same series of incidents.

So that it is hard to know whether these opportunities will occur. I think that issue is perhaps directed best to the prospects of reorganizing if functioning or agencies or what have you are combined or reshaped. And there might be a difference in the type of jobs, but even there, I would expect that the view is to have less jobs rather than the same amount of jobs or more jobs.

So it is quite an unrealistic approach to the overall problem.

Mrs. SPELLMAN. Thank you.

Mr. GELLER. Thank you.

Mr. HARRIS. I appreciate your testimony, Mr. Geller. I know we can call upon you and your very capable staff in the future.

Mr. GELLER. Thank you, Mr. Chairman.

Mr. HARRIS. Mr. Ken Blaylock, American Federation of Government Employees is scheduled next.

A very special welcome to the AFGE representatives here this morning, and for the purpose of the record, would you please introduce your associates to us.

STATEMENT OF JOSEPH D. GLEASON, EXECUTIVE VICE PRESIDENT, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES; ACCOMPANIED BY JESSE AMASS, POSITION CLASSIFIER AND JAMES H. LYNCH, JR., DIRECTOR OF LEGISLATION

Mr. GLEASON. Mr. Chairman, I am Joseph Gleason, executive vice president of the American Federation of Government Employees. Mr. Blaylock had a previous commitment with the Civil Service Commission this morning and couldn't make it.

Mr. HARRIS. Mr. Gleason, we are very pleased to have you here, not just because of the very esteemed position, but because you are a very distinguished constituent of the Eighth District.

I am pleased to have you here.

Mr. GLEASON. On my right is Mr. Jesse Amass, of our position classification area, and Mr. James Lynch, our legislative representative.

The American Federation of Government Employees, which represents over 700,000 Federal workers, is pleased to have the opportunity to testify on H.R. 6633, a bill to provide grade retention benefits for certain employees whose positions are reduced in grade. First, we would like to compliment the chairwoman and members of this subcommittee for their untiring efforts to insure that justice and equity prevail in the Federal sector in the areas of compensation and benefits.

Today we are concerned with the impact of downgradings, for whatever cause, on the morale, efficiency, and overall performance of the Federal work force. The proper assignment of grades for the work of Government employees has always been of great interest to our organization. We have on many occasions testified before congressional committees on matters of classification, and have repeatedly urged reforms in various aspects of the classification system.

In short, this is not a new issue for us, and we welcome the attention of this subcommittee to this one important aspect of the classification process. We hope that these hearings will serve as the basis for legislation designed to mitigate the adverse impact of downgradings on Federal employees who, through no fault of their own, find themselves the victims of earlier misclassifications or the introduction of new classification standards.

This is a complex subject, and the legislation under consideration today could ultimately impact on thousands of executive branch employees. For this reason, we will begin by commenting on the significance of shifts in average grade within the Federal work force over the past several years, and present our criticisms of the past misuse of the classification process as a budget management tool by the Civil Service Commission and the Office of Management and Budget. We will then focus our attention on the largest Federal agency, the Department of Defense, in order to determine what underlying causes have contributed to the long-range tendency of the average grade to rise in that agency. Among these factors to be mentioned are the shift in the occupational mix within the civilian work force brought about by the Vietnam war, and the contracting out of thousands of lower level general schedule jobs. We then describe outstanding defects in the existing classification system and address specific proposals designed to mitigate the impact of downgradings on the career civil service.

CLASSIFICATION AND BUDGET MANAGEMENT

At the outset, we objected to the conduct of the Nixon and Ford administrations, which viewed downgradings primarily as a deliberate tool of budget management rather than as a byproduct of a valid personnel management process. Many of the problems experienced by the Federal work force today are the result of this perverted cost-reduction approach to Government efficiency and fair treatment of people.

From 1971 onward, Presidents Ford and Nixon focused their attention on reducing average grade levels and trimming so-called grade escalation within various Federal agencies.

I refer here to bulletin No. 72-4, for example, issued by the Office of Management and Budget to the heads of all executive departments and establishments on August 5, 1971, entitled "Control of Grade Escalation in the General Schedule."

This bulletin states that:

Over the years there has been a continuing increase in the average grade of employees under the General Schedule, Government-wide. This upward trend has persisted in recent years so that the average grade level for classified employees has risen from 7.4 in 1968 to 7.9 in 1970. . . . There is considerable evidence that many Federal agencies have failed to exercise adequate controls over their staffing patterns for higher level positions.

The bulletin then goes on to define arbitrary objectives for reduction in the average grade by one-tenth by the end of fiscal year 1972, and two-tenths by the end of fiscal year 1973, and provides detailed guidance and instructions to assist agencies in meeting these goals. A May 27, 1976, memorandum from President Ford to the heads of all Federal departments and agencies reiterated this policy, and urged "corrective action" in the areas of position management and classification.

We would like to briefly focus our remarks on this subject to grade escalation, and present our views as to why the acceleration of downgrading campaigns constitutes a totally inappropriate response to existing classification problems in the Federal sector.

THE NATURE OF GRADE ESCALATION

The OMB bulletin cited above actually conceals more than it reveals when it outlines the nature of grade creep in Government agencies. The OMB merely asserts that the average grade has increased in recent years, and does not bother to analyze the causes and conditions responsible for this trend. It reminds me of the story concerning a hiker who inquired of a fisherman if a nearby stream could be crossed on foot. The fisherman replied that the stream was on the average only 3 feet deep. The hiker started across, only to sink over his head in the middle. He learned the hard way that the average depth of the stream told him nothing about the 8-foot-deep channel hidden under the water.

There are a number of explanations as to why the population in the upper levels of the general schedule has increased in recent years. First, there has been a growing tendency to rely on State and local governments for administration and staffing at the operations level in many of the new federally funded programs. Anyone who is familiar with the development of the "block grant" approach to Federal spending favored by Presidents Nixon and Ford, which has led to a proliferation of local administrative bodies that implement and operate federally sponsored or subsidized programs, can recognize that while higher level policy development and program management remain in Washington, large balancing numbers of lower level employees are not needed in Federal agencies. This causes the average Federal grade to rise.

Second, the increased technical complexity of many of the newer Federal programs, such as housing, energy, environment, transporta-

tion, and medical research, and the growing technological sophistication of modern warfare and weapons systems have led to the growing demand for highly skilled, technical and professional staffs, and the levels of this type personnel increase the average grade.

Third, there has been an increased reliance on mechanical and electronic equipment to perform clerical and support work, and this had led to a decreased reliance on the need for lower graded positions. Computers are now used to perform the clerical review of income tax returns; information retrieval systems are now commonplace in libraries and file units; and there has been a proliferation of high speed document copying and automatic data processing equipment in recent years. As a result, large numbers of lower level clerks, and stenographers have been displaced.

Here we would like to cite a publication issued by the Civil Service Commission in 1968 entitled "Grade Trend of Federal Civilian Employment Under the General Schedule, 1964-68." In the section "Changes in the Distribution of Employees Among the Grades," a detailed analysis casts much light on the underlying causes of grade escalation since 1960. Among these factors mentioned are the following: A long-term trend toward a different occupational mix in the Federal work force; the acquisition by many agencies of new organizations or functions—here the rapid expansion of New Frontier and Great Society programs must be taken into account; enlargement of existing functions or programs; upgrading of employees as a result of enlarged job duties and responsibilities; and normal career progression for Government employees.

The final paragraph of this section specifically predicts in the future a further reduction in the proportion of employees at grades GS-1, GS-2, GS-3, and GS-5; a further increase in the proportion of employees at grades GS-11 and above; and a probable further increase in the average grade in the long run.

This publication series, issued since the early 1960's, was discontinued shortly before the Office of Management and Budget initiated its massive cost-cutting down-grading campaign in 1971. We have, therefore, attached this section for the use of the subcommittee. The Civil Service Commission has recently initiated two vitally needed studies in this area, one dealing with the accuracy of classification of general schedule positions, and another with the causes of major changes in average grade by occupation, grade level, and agency, and hopefully they will cast some new light on this subject.

We would also like to direct the attention of this subcommittee to a recent article by Arthur J. Gartaganis in the October 1974 Monthly Labor Review entitled "Trends in Federal Employment, 1958-72." The author points out that while the U.S. Government work force expanded from 2.2 million in 1958 to 2.6 million in 1972, there were significant shifts in its white-collar and blue-collar composition. The number of white-collar workers rose nearly 34 percent, from 1.5 million to nearly 2 million; blue-collar employment, most concentrated in the Department of Defense, actually declined during this period. The DOD had its blue-collar workforce drop 21 percent to 386,500 in 1972, although they still account for more than two-thirds of all these workers.

It appears that although all major white-collar occupational groups experienced strong employment gains between 1958 and 1972, professional, technical, and kindred workers, such as engineers, life and physical scientists and computer specialists, showed the largest increase, up some 210,000 workers in 1972 from the 1958 level. This long range shift in the occupational mix within the Federal work force is one major source of the upward average grade, both within individual agencies and on the executive branch as a whole. The mere fact of average grade increase does not mean, as the Nixon-Ford rollback programs assumed, that the jobs are overgraded or the employees are overpaid.

GRADE TRENDS IN THE DOD: A CASE STUDY

The temptation to use downgrading as a budget management tool remains strong, however. The Senate Budget Committee, for example, in preparing recommendations for the fiscal 1978 budget, zeroed in on grade escalation within the Department of Defense, and gave serious consideration to mandating DOD grade reductions in its budget resolution. The reasoning of the Budget Committee was simple: Average general schedule grade within the DOD has grown considerably over the past decade, overgrading remains a serious problem, and substantial savings can be obtained by reducing the average grade of white-collar employees. Fortunately, this recommendation never found its way into the congressional version of the budget.

We mention this, however, because we can think of no more clear-cut example of how a lack of detailed analysis on the part of those who are more concerned with the size of the Federal deficit than the effective operation of government and fair treatment of employees can lead to the implementation of policies which actually detract from employee efficiency and morale, and, therefore, diminish the operational effectiveness of the agencies.

We would, therefore, like to take a closer look at grade creep within the DOD over the past decade, and ask you to keep in mind our earlier observation that a rise in average grade either within an agency or across-the-board in the executive branch is not in itself an indication of bad personnel management. Indeed, it may be just the opposite. It does not indicate that new classification standards are needed, or that substantial numbers of inflated positions exist, but rather that the average grade has risen, nothing more. It should be the starting point for hard-headed personnel management analysis rather than for a narrow knee-jerk reaction from budget analysts seeking simplified ways to apply these skills.

The DOD has experienced this increase in average grade in the past few years for two major reasons; the ending of the Vietnam War and the contracting out of jobs.

The Vietnam war led to the civilianization of many positions in the military establishment that were formerly filled by uniformed personnel. In addition, there was a significant temporary personnel buildup at the basic clerical entry levels of GS-2, typist and clerk, and GS-3, stenographer, and at the basic professional and administration occupation entry level of GS-5. Consequently, according to figures released at the time by the Civil Service Commission, the

average grade within the DOD, which had risen gradually from 6.8 percent in 1961 to 7.3 percent in 1965, dropped to 7.1 percent in 1967, and the median grade rose from GS-5 in 1961 to GS-7 in 1965, only to drop to GS-6 in 1967. As the Vietnam war was phased out, the opposite trend could be observed, and both the average and median grade tended to rise, as large numbers of lower level support personnel were no longer needed. We have compiled a table indicating shifts in the population in each grade of the DOD since 1961, as well as changes in the average and median grade, and we would be happy to supply it to the subcommittee upon request.

Also, during this period the Office of Management and Budget, acting pursuant to Presidential directives, stepped up its efforts to contract out work that had been traditionally performed by the Federal work force. It is difficult to grasp the magnitude of this effort, which accelerated the depopulation of the lower grades in the DOD, as there still exists no centralized depository of information within the Government that furnishes this data.

The testimony of Mr. Dale R. Babione, Deputy Assistant Secretary of Defense—Procurement, before the House Government Operations Subcommittee on Legislation and National Security on August 4, 1976, gives us an indication. He stated that in fiscal year 1975 there were awarded approximately \$45.7 billion in contracts, including \$9 billion for a variety of services including maintenance of equipment, trash removal, and custodial services. In other words, out of \$84 billion in budget authority available to the DOD in fiscal 1975, \$9 billion, or nearly one dollar out of nine, was obligated for service-type contracts.

Since neither the DOD nor the Office of Federal Procurement Policy within the OMB can give us precise estimates of the impact of this contracting out on the civilian work force, we can only surmise that as a result thousands of lower grade jobs once held by Federal employees have been eliminated from the statistics, thus forcing up the average grade within the DOD. I might add there is no evidence that such contracting out has saved the Government money. Indeed, all indications are to the contrary.

What has become apparent, then, is that grade escalation within the DOD is not primarily due to outmoded classification standards, though there may be problems in this area. Rather, there has been a long-term shift in the composition of the civilian work force within the Military Establishment. First, as a result of the hiring of large numbers of lower grade general schedule employees during the Vietnam conflict, the average and median grade dropped, and, second, as the war drew to a close, the combination of releasing these workers and initiating massive contracting out campaigns involving thousands of lower level general schedule jobs have caused the average grade again to rise.

THE WRONG APPROACH

It cannot be too strongly emphasized that the upward trend in average grade alone presents no justification for the installation of the new programs designed to reduce average grade. It could well be the result of proper and effective personnel management. Our concern is that any

such program be solely controlled by the Civil Service Commission, and not by OMB. That average grade is determined by applying fair techniques of analysis which measure job worth and fair compensation and not be subjected to distortion by arbitrary budget and fiscal constraints imposed by OMB.

For our part, we are dismayed that the executive branch, in an effort to cut personnel costs, must adopt a meat-axe approach that in the long run may prove to be counterproductive. We understand that this subcommittee will be receiving some figures from the Federal Employees Appeals Authority concerning the level of funding required to process and settle the burden of mounting classification appeals generated by the ongoing downgrading campaigns, and it would not be surprising if substantial "hidden costs" are revealed.

The July-September 1976 issue of the Civil Service Journal in an article entitled "Position Management and Classification," sums up the point nicely, and I quote:

Where hiring freezes are imposed and needed work must still be done, organizations are often forced to pay overtime or contract out, canceling out any real savings. In other instances, "savings" claimed may merely be expenses postponed. The same problems exist with average grade controls, which, if used in inappropriate ways, can wreak havoc with legitimate staffing plans; and they, too, like budget figures, are easily and expensively manipulated.

We are of the opinion that before any new alarms are sounded about grade creep within Federal agencies, and before any new downgrading budget control efforts are initiated, including implementation of any new classification systems, such as the factor evaluation system, that a careful study and analysis be made of the "grade creep" phenomenon and its causes clearly determined and understood before a "remedy" is imposed. It's as fundamental in management as it is in medicine that diagnosis must precede treatment. There simply has been no diagnosis of this matter. It may not even be a symptom of ill health. It would be a healthy sign. Until we know, it is foolish to perform surgery by use of grade reduction programs.

DEFECTS IN THE EXISTING CLASSIFICATION SYSTEM

Presently, there exist serious deficiencies in the administration of the existing classification system. These are traceable to the Civil Service Commission's neglect in publishing and keeping current classification standards and to general administration of the Classification Act. This condition in turn is traceable to OMB taking over much of this function from CSC in the guise of "management" incentives of past Presidents. Since downgraded employees today have only token protection available to them, it is essential that the Civil Service Commission be given the mandate and the resources to remove the root causes of misclassification which require later corrective action. This will require congressional action.

In the meantime, employees should not be required to suffer broken careers, economic loss, or psychological injury just because of the maladministration of the low or misguided practices of management.

The enactment of the proposed grade and salary retention legislation those employees who are being victimized. It would protect the grades and salaries of employees whose positions are downgraded through no fault of theirs, so long as they stay in such positions.

However, we feel it needs to be supplemented by two other actions: (1), the conduct of management so as to minimize the occurrence of downgrading; and (2), protection of the grades and salaries of employees being downgraded as the result of reductions-in-force, reorganizations, and so forth.

In the first category, there should be an increase in qualified and experienced classifiers. According to a recent GAO report entitled "Classification of Federal White-Collar Employees Should Be Better Controlled," December 4, 1975, the most serious causes of overgrading are, first, the pressure exerted by agency managers to upgrade positions, and, second, the lack of agency classification expertise, especially in the field.

These problems are compounded by internal management disputes between agency headquarters and field activities. Managers at these levels disagree over operations, functions, responsibilities, controls, and definitions. Typically, these disputes are characterized by decisions made in the central office and imposed on the field. The field office manager may consider the classification recommendation totally unrealistic, and balk at its implementation. The employee may then be caught in the middle when the CSC inspection team discovers a kind and level of work at a particular grade which the headquarters does not want done.

The existence of gross classification errors throughout the system invites the introduction of new standards, which may be hastily prepared and introduced with inadequate consultation with representatives of the employees involved. Management may use these new standards as a vehicle or excuse for effecting downgrades that could not be made under the old standards without friction and admission of agency errors. In such instances, the principles of rational personnel management are ignored.

In addition to untrained classifiers and the introduction of new standards without adequate consultation with employee unions, there is a third systemic deficiency that creates unnecessary problems in downgrading.

The existing classification appeals process leaves the burden of proof on the employee, not the agency which bears original responsibility for the misclassification. The appeals process is time consuming and expensive and is tainted by the fact that the same management personnel responsible for the mistake often are the ones who decide the appeals. Moreover, employees have neither classification expertise nor access to the expertise available to them, and they find themselves at a tremendous disadvantage during the appeals process. As a result, they do not have faith in it.

Action by the Civil Service Commission or the Congress to meet these three problems would go a long way toward alleviating the downgrading problem.

PROTECTION FOR DOWNGRADED EMPLOYEES

In our earlier comments, we mentioned the need for a true understanding of "grade creep" or "grade escalation." We criticized the efforts made within the executive branch without understanding the real nature of the problem.

We objected to Federal employees being singled out time after time as easy targets in budget-cutting or cost-reduction campaigns.

We stressed the need for well-trained classifiers, for valid standards developed in consultation with union representatives, and for a fair appeals system.

There are many other areas of management that we could comment on in connection with ways and means of minimizing the occurrence of misclassifications. These are long range remedies.

However, there is an immediate need to protect the grades and salaries of those employees whose positions, through no fault of theirs, are being downgraded.

Legislation appears to be the best solution to this particular need. What is involved is more than the principles of fairness or equity, important as these are.

Current literature in industrial psychology recognizes that the employee's need for self-esteem at the workplace is as much determined by a sense of achievement as by actual wages received. AFGE's own personnel survey showed that the Federal employees first concern was the opportunity to do meaningful work.

Awareness of such concepts contributes to enlightened personnel management. Grade reduction for an employee means more than loss of income; it involves a loss of status. It constitutes a direct psychological attack on the feelings of self-worth and achievement of the employee. Providing employees with this sense of achievement, after all, contributes greatly to the maximization of productivity because it is here that personal and organizational goals become unified.

With this in mind, we would like to point out several convincing arguments for grade as well as salary retention in downgradings: Rank is preserved, and adverse action appeals in the Federal service are reduced in number; employee self-esteem is nurtured, which in turn enhances overall productivity; stability of the work force is increased, as employees develop confidence in their future with an employer; and job enlargement efforts through better position management will be spurred, and employees who have acquired costly skills and training would be better utilized.

We also recognize, however, that full and indefinite grade and salary retention may not be appropriate in any and every instance in which employees have experienced a loss in grade.

Downgradings may result as a byproduct of the implementation of new classification standards or the audit and correction of erroneous first classifications. These cases are addressed by H.R. 6633.

Downgradings may also result from reductions-in-force due to reorganizations, a curtailment in funding for a particular agency, the lack of work, and/or lower manpower ceilings. They may also result from a decision to shift from career Federal civilian employees to another source of manpower, such as contractors, consultants, or military personnel. These cases are not addressed by H.R. 6633.

We understand that President Carter is addressing himself to some of these problems and will be submitting legislation to meet them.

We would, therefore, like to restrict our remarks to the scope of H.R. 6633. We hope to have the opportunity to testify later on whatever proposals the administration transmits to the Congress. We

endorse H.R. 6633 wholeheartedly and hope the Congress will move expeditiously to enact it into law.

This legislation is designed to offer indefinite grade and salary protection to those employees, who through no fault of their own, have suffered a loss in grade because of the downgrading of their positions. It appears to cover those instances in which either existing classifications are found on audit to be inaccurate and are changed or existing classifications are reduced because of the introduction of new classification standards.

We believe that permanent grade and salary retention are justified in these cases because Government workers accepted in good faith the accuracy of their original job classification by the Government, the validity of the original Government-established standards by which their job was classified, and the good faith of management in assigning them work appropriate to that classification. Any downgrading thus represents a unilateral action on the part of and for the convenience of management, and in no way indicates that an employee has not been performing satisfactorily in the job for which he was hired or has not fully met all his obligations and commitments.

Full grade and salary retention for an indefinite period thus provides appropriate relief for an employee downgraded to correct Government classification errors or to conform to new Government standards. Unless the new standards are grossly different than the old standards or the agency made gross errors in classification, these downgradings rarely should exceed one grade, and indefinite grade retention in such cases will not introduce serious distortions in Government classification or personnel systems and will not be excessively costly. Moreover, it should be incumbent upon management to seek to place the employee in a position where his higher graded skills and experience can be utilized.

Furthermore, duties can be added to many of these "downgraded" positions in order to maintain a match between the work done and the grade level, and this would be to the benefit of both the public and the employee.

One feature of H.R. 6633 we find particularly attractive is the inclusion of those employees who are presently on salary retention as a result of a previous downgrading. Without this provision, there existed the possibility that employees who had already suffered a loss in grade would be unprotected in the event of a new downgrading action in the future.

To sum up, we urge that: The Congress pass H.R. 6633, as now written; consideration be given to further legislation that addresses the problems of downgradings resulting from reductions-in-force, reduced workloads, budget cuts, lower manpower ceilings, base closures, and relocation of functions; or from decisions to contract out Government work or to shift from the use of civilian to military personnel; and the Congress exerts its influence to assure that the position classification process in Government is so managed as to minimize the occurrence of downgradings, through a valid understanding of the so-called "grade creep" phenomenon, the refusal to make the arbitrary reduction of employee grades a tool for budget control, and the development of better trained classifiers, valid standards, and fair appeals procedures.

I thank the subcommittee for its attention and the opportunity to appear here today.

In the final analysis, Mr. Chairman, perhaps it may tend to oversimplify, but I think it may reflect the views of literally thousands of employees who may be affected, when I say that the victims should not be punished for the crime of improper classification actions.

And, I might further add, passage of another piece of legislation pending before the Congress may be of some assistance in this area. I am talking about the labor-management bill, H.R. 13. Because that does provide for some bilateral approach to the subject of classification which is not currently the case.

And with that, Mr. Chairman, I and my colleagues will accept whatever questions the committee may have. Thank you.

Mr. HARRIS. Thank you very much, Mr. Gleason. We appreciate your testimony very much.

Can I ask you just very quickly, do you have any figures as to how much it costs AFGE to process a classification appeal?

Mr. GLEASON. Not off the top of my head, Mr. Chairman, but I think we could develop that information and get it to you. We would be willing to do so.

Mr. HARRIS. It strikes me as being very useful to this subcommittee in two respects. No. 1, to understand what kind of financial pressure it places on the union, but from the point of comparison if it costs the union that much, it probably costs the Government that much, and the Government doesn't know. And maybe if you could find out for us, we could tell the Government how much it is costing them and be that much help to them, at least.

Mr. GLEASON. Likely, Mr. Chairman, it may be even more because, in many instances, the employees may not be represented by a union. So the cost factor would be that much higher.

Mr. HARRIS. I am sure it would be at least as much. I am sure we would get a bottom line on it.

I understand Mrs. Spellman has to leave so I will recognize her now.

Mrs. SPELLMAN. The point you are making, Mr. Harris, is a good one because I think that is certainly a good argument for moving ahead with this bill in terms of cost. We are paying costs anyway. And you, of course, are in a good position to break it down to what it costs per person.

I wanted to say before I leave that the subcommittee has sent a letter to the President asking for a moratorium on downgradings, and we have HEW and the Department of Commerce working with us.

I think we have had some very hopeful signs.

Mr. GLEASON. And it is sufficient to say you have support from our organization on that.

Mrs. SPELLMAN. Right.

Your full statement here is so beautifully done, I really don't have any questions. You have answered any that I might have in the statement that you sent us and your statement today. So I do thank you.

Mr. GLEASON. Thank you.

Mr. HARRIS. Let me ask you, Do you have additional comments with regard to the retroactive feature of the bill? We questioned the first witness on this a little bit.

As you know, Mr. Nix's bill carries it back to 1975. The suggestion before was it be carried back to 1974 with an indication maybe 1973 would be better. Maybe 1932 would be perfect.

Mrs. SPELLMAN. But let's not go back to the salaries of 1932.

Mr. AMASS. I think Mr. Geller's comments were well taken when he said it was an arbitrary figure. And you could go back in time to any point one wanted, but I think AFGE's position is one of support for retroactivity beyond the July 1, 1975, date.

And I think we could very readily work out what would be a reasonable point in time beyond that to make this bill effective.

Mr. HARRIS. May I ask you, What do you say to those that would indicate that what we are trying to do here is freeze in grades and in a period of changing times, changing duties, changing responsibilities, and changing priorities? We are trying to freeze grades, freeze people into positions when they are really not performing the responsibilities concomitant with those positions and that this is just another act of freezing into the civil service system irrational placement of salary positions for duties that don't correspond to such salaries?

Mr. GLEASON. Well, first—

Mr. HARRIS. You have never heard a comment like that made of you?

Mr. GLEASON. Not in so few words.

I think one starts off with the premise whatever you do to protect any public employee at any level, it is immediately suspect in the public mind. And there will always be those who are going to run with it and draw the wrong conclusions from it.

I think that, as pointed out in our statement, if it is right, you do it, and you take the heat. If the employee was hired and classified to do a certain thing, it is not that employee's fault that somewhere down the road someone made a mistake. If he is performing the job for which he was hired, if that is the pay that was assigned to it, and if that is the classification that was assigned to it, and if there needs to be protections, let's support those protections. And let's take the heat.

Mr. HARRIS. Do you make any distinction between, in specific terms, an employee, for example, that occupied a position for 1 week or 30 days or very relatively short period as distinguished from those who may have been in this position for a longer period of time—5, 10, 15 years? Is there any distinction there at all?

You would be setting up some sort of tolerance for a mistake that could be corrected without having locked somebody in the grade.

Mr. AMASS. AFGE's position on that, Mr. Chairman, is that 1 year would appear to be a reasonable time within which the employee had his grade before he was threatened with downgrade.

Mr. HARRIS. One year?

Mr. AMASS. Yes.

Mr. HARRIS. Good.

I want to thank you very much for your testimony. Sometime back, I noted before we began this hearing, I introduced a bill also that is different from Mr. Nix's bill in a couple or three ways.

If, in fact, you have an opportunity to look at both of those and compare them and compare the features and can comment on the differences specifically, I would appreciate it.

Mr. GLEASON. We would be happy to do so, Mr. Chairman.

Mr. HARRIS. Thank you very much for your testimony.

The Chair recognizes Mr. Michael Goldman and Ms. Kimberly Parker, director of legislation and legislative liaison, respectively, for the National Treasury Employees Union.

Mrs. SPELLMAN. Before you start to testify, may I point out I will probably be leaving during it, and it won't be because of lack of interest. I will review the record.

Mr. HARRIS. We welcome you to the hearing.

**STATEMENT OF MICHAEL GOLDMAN, DIRECTOR OF LEGISLATION
NATIONAL TREASURY EMPLOYEES UNION; ACCOMPANIED
BY KIMBERLY PARKER, LEGISLATIVE LIAISON, AND JAMES
SPELLANE, COMMUNICATIONS SPECIALIST**

Mr. GOLDMAN. To my right is Kimberly Parker, legislative liaison, the National Treasury Employees Union and to my left is Mr. James Spellane, NTEU communications specialist.

I would like to extend to the subcommittee the apologies of our national president, Vincent L. Connery, who wanted to testify today; however, he is unable to be here because of a previous commitment which couldn't be rescheduled.

Our union is the exclusive representative of nearly 95,000 Federal workers, including virtually every General Schedule employee in the U.S. Treasury Department and the Federal Energy Administration.

We appreciate this opportunity to express our full support for H.R. 6953, legislation that would provide much-needed protection for Federal employees whose positions have been reduced in grade and pay through no fault of their own. At issue are the basic rights to job security and career development for the Federal work force.

While the threat of downgrading is a continuous one in the Federal sector, we are currently faced with other compelling reasons for the expeditious enactment of "save grade" legislation. A totally new system of classification known as the factor evaluation system is now being implemented Government-wide by the Civil Service Commission.

This system will replace all of the present classification standards with a series of benchmarks that are point-rated according to predefined factors.

Civil Service Commission officials who have worked in the development of the factor evaluation system acknowledge that positions will be downgraded as a result of the implementation of this system. In addition, a certain number of positions are likely to be erroneously classified during the phasing-in of the new benchmarks.

H.R. 6953 would ease the impact of the new system on incumbent employees by minimizing the adverse effects caused by downgrading on employees. The protections afforded in the bill would also ensure that no employee would unjustly suffer if his position is misclassified during the necessary period of adjustment that will accompany the implementation of this new system.

Furthermore, the Carter administration's announced intention to begin reorganization of the executive branch of Government has caused grave concern among Federal employees. President Carter has repeatedly promised that no Federal employee will lose pay, grade, or a job during his proposed reorganization.

Many officials, however, including Office of Management and Budget Director Bert Lance and Civil Service Commission Chairman Alan Campbell, have stated that such a promise would be difficult to fulfill and that despite the President's assurance, downgradings could occur in significant numbers.

If a reorganization plan is to function effectively, it is imperative that employee cooperation and morale remain high during that period. There can be little doubt that the threat of lost pay and grade will do nothing to foster these attitudes among Federal employees, but rather will stiffen opposition to any such plan.

The decreased efficiency and atmosphere of uncertainty would greatly offset any benefit that might be realized by the reorganization. For this reason, save-grade legislation is a vital part of any reorganization effort.

There is some question, however, whether the provisions of H.R. 6953 would apply to employees whose positions are downgraded as a result of a reorganization. If this is so, we feel that such an omission is a drastic oversight and constitutes a major deficiency in the bill.

We strongly urge the subcommittee to specifically state in H.R. 6953 that the bill's provisions would apply to employees downgraded because of Government reorganization. After all, the same traumatic effects on career and earning potential are felt by these individuals just the same as others who are covered by the bill.

While these factors provide immediate reasons for the enactment of H.R. 6953, the underlying strength of the bill lies in the fact that it promotes simple justice for Federal employees.

When an individual accepts employment with the Federal Government, he or she does so in good faith with the expectation of furthering both career objectives and financial well-being. It is extremely unfair to ask employees to make a career commitment and then suddenly and unilaterally force them to suffer a cut in pay, loss of grade, and indefinite deferral of promotion through no fault of their own.

The severe impact that a downgrading can have on an employee's career, financial status, and morale is too high a price to pay for the mistakes of others, committed before the employee even accepted his or her current position. If a change in classification occurs for reasons beyond the control of the employee, equity demands that the Federal Government fulfill its commitment to the employee by continuing the same grade and pay for the individual.

We believe that H.R. 6953 generally fulfills this goal. The bill provides that an employee whose position is downgraded has the right to retain both pay and grade for as long as he or she holds that position. In so doing, this legislation assures that human considerations are not sacrificed to budgetary and administrative pressures in the event of a downgrading.

Under current law, an employee whose position is downgraded suffers an immediate loss of grade although he or she may keep the same level of pay for a period of 2 years. This, however, is no solution to the problems caused by downgrading.

First of all, the 2-year save-pay provision allows an employee nothing more than a temporary reprieve from a substantial loss of income. It does nothing to address the loss of grade and the setback in career advancement that accompanies a downgrading.

Those whose positions have been downgraded will naturally devote much time to finding another job at his or her previous grade. In an agency where many downgradings have occurred, this will inevitably affect the employee's performance and ultimately the agency's productivity.

If the employee is unsuccessful after 2 years, the loss of pay will result in a sharp and substantial drop in his or her standard of living. With continuous inflation, this reduction will inevitably create severe problems for the employee and his or her family.

It has been reported that the administration is considering a proposal which would allow an employee to retain grade and pay for 2 years after downgrading. This represents no real improvement over the present system. A downgraded employee would still be under constant pressure to find a new position before the 2-year deadline arrives.

While such a measure would ameliorate some of the adverse effects of a downgrading, it does not remedy them.

Additionally, we strongly support the provision which makes the bill retroactive to July 1, 1975. This is significant because 1975 was the year which saw the beginning of large-scale downgradings, a trend that has continued to the present.

Thus, employees who suffered downgradings during that time are approaching the end of their 2-year salary retention period. This provision would extend to these employees the right to retain their grade as well as pay and would partially alleviate the difficulties they have faced in the interim.

One provision of H.R. 6953 with which we must take exception limits the protections to an employee whose position has been classified at its present grade for a period of 1 year.

The other bill which was introduced by the chairman, H.R. 5330, contains a similar requirement, but for a 3-year period.

We see no logical reason for the adoption of either of these qualifications. They are merely artificial restrictions as we see it whose only effect will be to exclude numerous employees from the vital protections contained in both bills.

An employee who has achieved a given grade has done so because he or she has met certain qualifications and performed at the required level of competency. There is no just rationale for allowing some employees to retain their pay and career opportunities while denying that same right to others merely because their position has not been in existence for a specified period of time.

In conclusion, we urge the subcommittee to expedite the passage of H.R. 6953 with the improvements we suggested. Already, the administration is preparing its reorganization plan, and many agencies, such as the Departments of Commerce and Health, Education, and Welfare, have delayed implementing planned downgradings only on the basis of quick enactment of a save-grade bill.

The administration, however, has refused to issue a moratorium on all downgradings and has not yet formulated its own save-grade proposal, claiming, among other things, that it needs time to study the possible cost of this legislation.

We submit that the cost of implementing H.R. 6953 will be minimal, but whatever it may be, the benefits realized in terms of increased

morale, efficiency and basic justice will far outweigh whatever dollar value may be placed on this legislation.

On behalf of President Connery of the National Treasury Employees Union, I again would like to express our appreciation for this opportunity to present our views before you today.

If there are any questions, I would be pleased to answer them at this time.

Mr. HARRIS. Thank you very much for your testimony.

How much do you think it will cost?

Mr. GOLDMAN. We have not calculated any exact figures, but considering the amount of time spent on both man-hours in the Government and on behalf of the union in processing appeals, we think that time and cost would offset any additional cost in retaining grade and pay for employees.

Additionally, initially, this kind of legislation would not present any additional cost because anybody downgraded now would retain salary for a 2-year period anyway.

Mr. HARRIS. You make the statement, though, that you think the cost will be minimal. What do you think "minimal" is?

Mr. GOLDMAN. Well, as I said, we have not done the actual cost analysis. We arrived at the minimal cost in light of the fact that save-grade bill only postponed the inevitable downgrading, and the Government will eventually realize the benefit of the downgrading when these positions become vacant.

But I think our emphasis, Mr. Chairman, is on the fact that whatever the cost, the most important issue when balancing the interests is Government morale, the morale of the employees and productivity of the Government. And without such protections a save-grade bill would provide, the Government would be losing money in terms of productivity and morale.

Mr. HARRIS. Do you know how much it costs you to process a reclassification appeal?

Mr. GOLDMAN. Well, again, we haven't costed it, but I know the classification appeals that I have handled, I would say there is every bit in filing the initial appeal of approximately 5 days man-hours that are put into it in terms of interviewing the employees involved, preparing the appeal and submitting it to the Commission.

That is assuming that there is no further appeal.

Mr. HARRIS. Could you try to cost out an average case for us and submit it for the record?

Mr. GOLDMAN. Certainly.

Mr. HARRIS. With regard to reorganization, you seem to feel fairly strongly that reorganization should be covered.

Actually, I feel that probably Mr. Nix had felt that we should take the President at his word and that there wasn't going to be anyone that was going to suffer downgrading because of reorganization.

Would you say we shouldn't do that?

Mr. GOLDMAN. Well, I think some administration officials, including Mr. Lance and Mr. Campbell, have already indicated that there probably would be downgradings and probably some people may, in fact, be hurt by reorganization. I think I am somewhat skeptical of the kind of statement that there wouldn't be anybody hurt.

Mr. HARRIS. If you applied it to reorganization, you want to apply it to RIF's, too, would you?

Mr. GOLDMAN. Well, I note that neither bill applies it to RIF situations. What concerns me is the fact that in almost every reorganization, a RIF could occur. And if it applies to reorganizations, I think in terms of the downgrading impact, it should apply to a RIF while the incumbent is in that position.

Mr. HARRIS. Now, the bill actually speaks to—well, at least the thought, I believe, on the initial time before the grade gets set—the grade not the employee. You understood that?

Mr. GOLDMAN. That's right.

Mr. HARRIS. You feel that there should be no initial time tolerance with regard to establishing a grade before it gets locked in for the entire period of the employee?

Mr. GOLDMAN. That's an issue which we gave a lot of consideration to. And, ultimately, what we decided is that the employee has to meet certain qualifications in order to attain a grade both in terms of performance levels, in terms of length of time in a prior grade before they can be promoted.

We think once this person has demonstrated the ability to work at that higher grade and has developed certain expectations in reaching that grade, they should have a right to retain that grade as long as they are the incumbent and that whether the position had been classified for 1 year or 3 years, we don't see that as being significant in terms of what the employee's expectations have been as a result of promises or commitments made by the Government to that individual.

Mr. HARRIS. Very good. Thank you very much for your testimony. We appreciate it. It has been very helpful.

Mr. SPELLANE. I would just like to add one more point for the record.

We have checked with our colleagues in the Coalition of American Employees who work at the State and local level and they tell us that this kind of, not legislation, but this kind of practice is common in the public sector at the State and local level. A position is red-circled, as they say, when it is marked for downgrading, but the employee can retain his or her grade for as long as he or she is the incumbent.

And as soon as he or she leaves, then the position becomes downgraded as the Nix-Spellman bill would provide. The big difference is that the State and local employees have the right to negotiate that position.

We in the Federal sector do not.

Mr. GOLDMAN. Which I might add that H.R. 1589, the collective bargaining bill which we support, would permit negotiation on the issue of classification.

Mr. HARRIS. You mean of those States where the employee is permitted to organize?

Mr. SPELLANE. Right.

Mr. HARRIS. Could you provide us with any sort of a list?

Mr. SPELLANE. I will try to get that information to you as soon as possible.

Mr. HARRIS. I think that would be very helpful.

Again, I appreciate your testimony and the additional information would be quite helpful. Maybe from these hearings, we may develop some additional questions which we would like to submit to you in writing as we develop the record.

Mr. GOLDMAN. We would be happy to respond to it, Mr. Chairman.

Mr. HARRIS. Thank you very much.

Mr. GOLDMAN. Thank you.

Mr. HARRIS. The next witness is Mr. John Chapman, legislative director of the Association of Civilian Technicians.

STATEMENT OF JOHN CHAPMAN, LEGISLATIVE DIRECTOR, ASSOCIATION OF CIVILIAN TECHNICIANS

Mr. CHAPMAN. Mr. Chairman, Mr. Paterno, the president of the association, regrets he couldn't be here this morning. He is attending a briefing of the Civil Service Commission by Mr. Sugarman on the reorganization of the Federal service.

We have a brief statement in support of the bill we would like to introduce into the record. I would like to read it at this time.

Mr. HARRIS. Fine. You may proceed, Mr. Chapman.

Mr. CHAPMAN. It is a pleasure to address legislation that will attempt to protect Federal employees from being improperly treated. The public employee has been demeaned in recent years and treated as a commodity in a labor market.

The employees whose numbers have remained relatively static have supported increased work outputs and managed budgets and expanded efforts that have increased fourfold. Responsibilities have increased and duties become more complex, but strangely, the grades and salaries have been compressed and decreased.

The so-called career civil servant has had visited upon him or her public abuse, political harassment, job insecurity, and is living through a climate that reduces stature while increasing the area of responsibility.

This legislation that would limitedly respect the rank-in-person during a specific job tenure is needed. It is a legislative step in the direction of propriety and necessity. The rank-in-person perspective deserves much more consideration than it is presently given. Employees train and prepare themselves for increased responsibilities and duties, all in accordance with various executive and Civil Service statements about upward mobility and increased individual and public achievement programs, only to find themselves losing grade and pay through mechanistic and budgetary devices.

Take a program such as we have had in the National Guard Bureau where 52,000 jobs are classified in a central office despite the fact that working locations exist in 50 States, 2 territories, and the District of Columbia.

Jobs are classified without functional onsite reference to specific duties and are treated with obvious budget restraints in mind. Upgradings, downgradings, eliminations of positions that are replaced by new and only slightly changed positions, are the normal day-to-day attributes of budget and military rank-biased management techniques.

An aircraft maintenance position can be downgraded because aircraft equipment changes are made. No thought is given to the fact that a mechanic, or allied skill, has had to train to higher grade levels and now is reduced because the trained skills needed for the particular time period, which may be short, are less than he was previously required to meet.

Similar problems exist in classified positions where computer systems change output and input requirements.

Rarely are these changes permanent, but they have permanent effects on the employees.

Perhaps we could make a case for emphasis that, while not actual, would in large degree illustrate the problem.

Assuming that a job classification for dog health technician might have required veterinary training and the training requirement is done away with as the job is downgraded, would the trained person in the job have lessened his personal status? A status that he had been required to achieve?

Our union feels that job classification should be a matter of collective bargaining as we have testified in relation to H.R. 13 before Chairman Clay, but we support this legislation as a restriction on arbitrary management techniques.

With the entrance of the new factor evaluation system into classification proceedings, it is essential that this bill be passed to protect a broad range of employees.

A recent publication of the National Guard Bureau attached as an exhibit hereto claims that Civil Service directives will call changes produced under that system "a new technique" and, therefore, not subject to certain pay retention rules now in effect.

On the back page of the testimony, paragraph "c," we have underlined the particular statement that the Civil Service Commission will not apply special indefinite pay retention provisions for employees whose position classification may be adversely affected by FES standards. Unlike the Federal wage system, the FES is considered to be a new methodology rather than a new classification system.

Please be sure that this legislation will insure that administrative "double talk" will not violate the legal intentions of H.R. 6953.

As we are in the position to support this legislation, we fully realize that it will not cover retroactively many of the employees who were harmed prior to 1975 by an Executive fiat to reduce the grade structure and which happened despite the fact that previous classification standards and procedures were despoiled as an objective salary-setting system.

We as a union can see broader coverage in the area of reduction-in-force, job elimination and replacement, and reorganizations, as needing full remedy as well.

Perhaps much of the ills could be avoided if management in the best spirit of labor relations would sit and honestly meet the representatives of the employees on these matters rather than hiding behind management prerogatives. This day, as far as we can see, will not happen.

Pay setting and grade ranking are not separable. It is an unhappy fact, but a fact, nevertheless, that recent administrations have abused the process and given public excuse by abusing the civil service employee in public statements.

This law can assist the civil employee in maintaining dignity. It is to be wished that it could do more, but this should help.

If our support for H.R. 6953 has been herein modified by the recording of problems that it does not counter, let this not be recorded as a negative vote. Rather, let us say we support the legislation and hope that it can open the doors to more appropriate treatment of the whole pay and grade structure.

And we can only hope that future downgradings will lessen so that disparities in equal pay for equal work will not prevail.

We stand ready to assist this subcommittee in any way that we can to expedite the passage of this much needed legislation.

[The attachment to Mr. Chapman's statement follows:]

TECHNICIAN INFORMATION BULLETIN—NATIONAL GUARD TECHNICIANS

1. Authority—block 14 of SF 50: a. When appointing a competitive technician, the authority given in FPM Supplement 296-31 will be entered on the SF 50. Although the employment is under the provisions of 32 U.S.C. 709 and PL 90-486, it would not be appropriate to cite either as the authority. As directed by TPM 296-31, V.T4.S5, 32 U.S.C. 709 will be cited for appointment actions in the expected service.

b. In the same respect, those authorities given in FPM Supplement 296-31 will be used whenever a promotion, change to lower grade or reassignment action involves a competitive technician. When such actions concern an excepted technician 32 U.S.C. 709 will be cited.

c. No authority entry is required for separation actions unless the separation is effected under one of the situations covered in FPM Supplement 296-31, book V, table 4, subtable 11, paragraph 11-2. (Linda Narcavage, Ext. 1228.)

2. Application of factor evaluation system (FES): a. The FES is to be applied only to those occupations for which the CSC has developed and published approved, finalized General Schedule Position Classification Standards.

b. The primary standards for FES cannot be applied to occupations covered by current narrative standards and cannot be applied to occupations for which there are no published standards. FES classification standards are not to be cross-referenced. A two-track system and narrative standards and FES standards will prevail until such time as all General Schedule standards are converted to FES format.

c. Some CSC position classification standards were finalized and submitted in limited distribution to agencies for review in the first quarter of calendar year 1977. These standards were from the initial eight standards given trial application in the Federal service in 1976. The Commission's Standards Division has indicated that further study is necessary for the mixed clerical positions. These latter standards, such as the GS-312 Clerk-Stenographer and Reporter Series and the GS-322 Clerk-Typist Series, are not expected to be received in agencies prior to 1 June 1977. When the approved finalized standards in FES format are received, our position classification specialists are to apply them as they would any other GS standards. The CSC will not apply special indefinite pay retention provisions for employees whose position classification may be adversely effected by FES standards. Unlike the Federal Wage System, the FES is considered to be a new methodology rather than a new classification system. Current rules on application of new standards also apply.

d. The initial eight classification standards under FES are the GS-305, 525, 610, 681, 830 (conventional Mech Engineering), and GS-312, 318 and 322. Other standards prepared under FES, such as GS-1173 Housing Management, are in the CSC's internal mill. There will be release of various GS classification standards in FES format from time to time over the next five years, 1977-1981. (Lloyd Johnson, Ext. 1030.)

3. Budget and funding instructions for ARNG technician school travel and tuition: Revised budget and funding instructions for ARNG Technician school travel and tuition were issued in NGB-TNS-T (77-43) letter dated 14 April 1977. Those States who have not received these revised instructions are requested to contact NGB-TNS-T. Although the instructions become fully applicable with

the FY 79 budget, their guidance does apply to any adjustments made to the FY 78 budget. (Tom Mangum, Ext. 1226.)

4. State incentive awards committees: a. Paragraph 1-6 of TPP 903 provides that a State Incentive Awards Committee will include a representative from the USPFO as a nonvoting member. However, when determined appropriate by the State, this statement does not preclude membership of two representatives from the USPFO, one a nonvoting member and one a voting member.

b. States are reminded that the efficiency of the Incentive Awards Committee corresponds directly to the technical expertise of the representatives from the major functional areas. Each member should be well qualified in his/her field and able to act decisively when considering awards (Donna Cornett, Ext. 1055.)

Mr. HARRIS. Thank you very much for your statement.

If, in fact, we passed legislation like this, do you think—and subsection c gives rise to this question—do you think it will just give impetus for more reorganization efforts?

Mr. CHAPMAN. I think our program, the National Guard Bureau, it is in a constant reorganization, constant upgrading, downgrading, and changes in positions.

I think if we allow management, especially the Guard Bureau in this particular instance, to give it a different terminology or with a different classification system and thereby bypass the legislation and not provide grade retention, it would allow all agencies to do it.

Mr. HARRIS. So you feel it is essential to have this apply to reorganization.

Mr. CHAPMAN. Oh, I think so. I think the meeting that is going on today at the Commission will result in downgradings, a number of downgradings.

Mr. HARRIS. Can you recommend to the subcommittee or to the Civil Service Commission for that matter any other employee safeguards to prevent downgrading as a result of "grade creep" or erosion of duties?

Mr. CHAPMAN. No, sir, I can't.

Mr. HARRIS. Do you have any report or studies you would like to share with the subcommittee on grade and salary composition which I mentioned earlier?

Mr. CHAPMAN. No, sir, I don't have it here, but we can provide it to the committee.

Mr. HARRIS. We would appreciate it.

What is your feeling—you mentioned in your statement—on July 1975 as the retroactive date?

Mr. CHAPMAN. We prefer generally an earlier date, of course, because the National Guard has massive reorganization in 1973. And I would say that a good 50 percent of the people, technicians, were downgraded during that period.

Mr. HARRIS. So you think July 1973 is a lot better?

Mr. CHAPMAN. Sure.

Mr. HARRIS. Let me ask you to run over it just one time here. Are there any specific recommendations you have with regard to change in this legislation if and when the legislation is reported to the full committee? What changes do you think are an essential?

Mr. CHAPMAN. We would like to work out wording. We could work with the committee staff to prevent what is happening with the attachment we have to our statement. To allow that a downgrading is a downgrading regardless of how they arrived at the downgrading.

We shouldn't give it a different title; we shouldn't arrive at a different method of arriving at a downgrading to circumvent the legislation. Once the position is downgraded, we believe the incumbent should be in the grade retention as the legislation provides.

Mr. HARRIS. Very good. I appreciate your testimony.

The subcommittee may have some additional questions to submit to you in writing before we mark up the bill; and we would appreciate your prompt answer to them if that is possible.

Mr. CHAPMAN. Surely.

Mr. HARRIS. Thank you very much for your testimony, sir.

Mr. CHAPMAN. Thank you very much.

Mr. HARRIS. If there are no further questions to come before the subcommittee, we will stand adjourned.

[Whereupon, at 10:45 a.m., the subcommittee meeting was adjourned.]

GRADE RETENTION BENEFITS FOR CERTAIN FEDERAL EMPLOYEES

MONDAY, JUNE 27, 1977

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

The subcommittee met at 9:35 a.m. in room 311 of the Cannon House Office Building, Hon. Gladys Noon Spellman presiding.

Mrs. SPELLMAN. The subcommittee will come to order.

The subcommittee has convened this morning to continue its deliberations and its hearings on H.R. 5330 and H.R. 6953, 5330 by Congressman Harris and 6953 by our chairman and myself, as well as other identical bills which, by one means or another, provide for grade retention benefits for certain employees are reduced in grade.

The subject matter of these hearings is probably the most important that this subcommittee will be considering affecting active employees during this 95th Congress.

Subcommittee research tends to show that whenever a particular administration goes on an austerity move, a reclassification surge takes place throughout most of the agencies.

One could almost make the assumption that reclassification is just a tool of management to be used to save money, rather than a properly structured means of the agency to maximize the use of its personnel.

I certainly understand that Government classifiers can and do make a number of mistakes, but at the same time it must be realized that the mistake is not the fault of the employee being classified. There is a widespread impression.

There is a widespread impression today that too many Federal jobs are overgraded and that in the past 20 years grade creep has resulted in increasingly higher average grades which, in turn, cost the taxpayers millions of dollars.

Although there may be insufficient evidence to fully substantiate this impression, there is reason to conclude that significant numbers of Federal jobs are overgraded. But there is no doubt within the subcommittee that permanent adjustments should be made immediately of all positions that are in fact overgraded.

Under present laws and regulations, Federal managers have been and continue to be reluctant to initiate and implement these proceedings, because the current system is difficult and laborious.

It must be modified so that proper actions can be taken. These modifications must take into account the effect on innocent Federal employees involved.

Currently, the adverse consequences in a downgrading, for the most part, are felt by the employee.

The Government, in attempting to put its own house in order in this regard, must protect the employees who occupy the overgraded positions and who are the instant victims of bureaucratic inefficiencies.

So, the issue before us, then, may be phrased with the question: Is it right to allow an employee to build his lifestyle and social prestige and order around a certain grade and pay year after year and then have someone suddenly come in and say, *x* number of years ago we made a mistake in classifying your position but we accept no responsibility and now we are going to demote you?

Now, that is the question which brings about the bills we are considering, and the answer to which we will be seeking throughout these hearings.

Our first witness today, and we are very glad to have him with us again and we are going to be very close buddies before this issue is resolved, is the Civil Service Commission Chairman, Mr. Alan K. Campbell.

STATEMENT OF ALAN K. CAMPBELL, CHAIRMAN, U.S. CIVIL SERVICE COMMISSION, ACCOMPANIED BY FREDERICK A. KISTLER, DIRECTOR OF BUREAU OF POLICIES AND STANDARDS, AND JOHN D. R. COLE, DIRECTOR OF BUREAU OF PERSONNEL MANAGEMENT EVALUATION

Mr. CAMPBELL. Thank you very much, Madam Chairman.

It is a pleasure to be back before the subcommittee, and I appreciate the opportunity to present our views on H.R. 6953, and I understand a similar bill, 5330, a bill on the subject of grade retention as your opening remarks made clear.

I am accompanied today by Frederick A. Kistler, who is a director of our Bureau of Policies and Standards, and John D. R. Cole, who is Director of our Bureau of Personnel Management Evaluation, and they stand ready to aid me in responding to questions you may have.

The subject of grade retention is one of importance not only to this subcommittee and to the Commission, but to Federal employees, to the unions which represent them, to this administration, and ultimately, to the American taxpayer.

It has a bearing on two interrelated objectives: maintaining the integrity of the Government's classification and pay systems, and assuring adequate protection to employees potentially affected by circumstances not of their own making.

It is clear that we must try to find better ways of balancing these often competing interests than we now have. And in addressing the needs of the Government and the concerns of employees, we must remain mindful of our obligation to the American taxpayer for prudent and responsible management of the Federal payroll.

The purpose of my testimony today is to discuss the best way to reduce the adverse impact on employees of both downgradings associated with reduction in force made necessary by such actions as reorganizations within and between agencies, transfers of function, and

staff reductions, and downgradings resulting from correction of classification errors.

We want to present the Commission's views on these bills as a means of dealing with those problems, and to outline an alternative proposal which we believe addresses this situation in a more equitable and uniform way.

We will be submitting our specific legislative proposal to Congress shortly.

The President has made it a major goal of this administration to reorganize the Government to restore the public's confidence in its responsiveness, accountability, and efficiency.

In April of this year, the Congress gave the President the authority to work with it in carrying out this important goal and thus fulfill this commitment to the American people.

This effort need not be accomplished at the expense of employees; indeed, their support, insights, and energies are vital if reorganization is to succeed.

Thus, the President holds strongly to the view that reorganization should not cost employees their jobs or insofar as possible, otherwise adversely affect them. A carefully drawn grade retention system can make a contribution to assuring this.

Reorganizations are initiated by management for specific purposes, among them: Streamlining organizations to obtain increased efficiency and economy, elimination of overlap and duplication of functions, and revamping in order to be more responsive to exigencies or to the public need.

It is management's responsibility to ensure that such actions are taken when required and this type of action may entail a shifting of functional responsibilities within an agency, transfer of functions between agencies, closing of facilities, curtailment of production, or staff reductions.

In themselves, these actions do not produce downgradings; they may require a reduction in force, however, and it is technically this action—reduction in force—which may result in the downgrading of employees.

The other principal development which has prompted discussion about grade retention has been the increased position classification audit activity by agencies and the Commission in recent years.

These efforts have identified a serious overgrading problem in a number of agencies, and attempts to correct that problem have caused increasing numbers of employees to face the possibility of downgrading.

We can make available to the subcommittee more specific detail on Commission findings during recent years as to the extent of classification error in specific agencies.

Overgrading both violates the classification law and unnecessarily raises the cost of Government to the American taxpayer. There is an urgent need to solve the problems which have been uncovered.

Obviously, however, we must try to do so in a way that has the least adverse impact on the employees who happen to occupy positions that have been downgraded.

In that regard, perhaps it would be helpful to review what has happened up to now to such employees. Considerable misinformation and misunderstanding exist concerning the effects of classification review activity on employees whose positions have been audited in recent years, which I would like to try to clarify.

First of all, a fact that is not well understood is that the vast majority of employee demotions do not in fact result from the classification audit process.

For example, of the 103,000 demotions which occurred during the 10-year period from fiscal year 1967 through fiscal year 1976, nearly 69,000—or 67 percent—resulted from reduction in force as a result of management decisions involving various reorganization type activities both within and between agencies—such as transfers of functions, staff reduction, and the like.

Only slightly more than 34,000—or 33 percent—resulted from adverse actions; and of these, only a small percent were related to efforts by the Commission and agencies to correct classification errors.

Under present law, if an employee must be demoted, salary retention is provided for 2 years for almost all of those whose current rate of pay exceeds the highest step of the lower graded position, and full salary protection is afforded those whose pay can be set at the lower grade without exceeding the maximum step of that grade.

Only in rare cases does a downgraded employee suffer any loss in pay as a result of downgrading.

The prospect of major Government reorganizations and the current apparent extent of overgrading governmentwide, however, strongly indicate that present practices will not be sufficient to deal with the problems we presently face.

Thus, some kind of grade retention may well be in order. However, the crucial point here is that whatever measures are finally adopted should not liberalize employee protections to an extent that would undermine the integrity of our classification and pay systems.

H.R. 6953 gives indefinite grade and salary retention benefits to employees who were demoted on or after July 1, 1975, because of reclassification actions.

Demotions resulting from reduction in force, for personal cause, or at the employee's own request, are not covered.

Since the bill's protections extend only to reclassification actions, the vast majority of employees potentially subject to demotion will not be protected.

As I mentioned earlier, reductions in force account for two-thirds of all demotions, and this is likely to continue. Demotions adversely affect employees, whatever the cause. There is no equitable basis for producing different levels of protection according to the type of management-initiated action that produces the reduction in force or job reclassification.

While we can appreciate the basic thrust of H.R. 6953 in protecting employees, we cannot support action which is limited to job reclassification only.

Instead, we would like to propose as an alternative, temporary grade retention followed by indefinite salary retention in all situations that require downgrading.

In our view, this remedy would better meet the needs of agencies, facilitate reorganizations, and provide equitable and uniform improved protection to employees.

I would like to outline the major features of the proposal we will be submitting, then explain each in more detail and point out significant differences from the bills being considered by the subcommittees.

Employees with at least 1 year in grade whose positions are downgraded due to reclassification or reduction in force in various reorganization-type actions would be covered;

Employees would retain the grade of the former position for up to 2 years unless they are placed before that time in a new position at the same or higher grade;

Upon expiration of the 2-year period, the employee's rate of pay would likely be accommodated within the range of the proper grade of the position occupied; if beyond that range, most or all of the higher rate of pay would be retained, and the employee would receive 50 percent of future general pay increases until such time as the rate for the position occupied catches up to the retained rate; and

The Civil Service Commission would have strong, statutory-based authority to require priority consideration for vacancies and retraining, where appropriate, for employees on retained grades.

Our proposal would authorize grade retention for a 2-year period during which agencies would be required to make every effort to reassign demoted employees to positions of equal grade.

In authorizing grade retention for a period of 2 years, instead of indefinitely as H.R. 6953 does, our proposal ensures that the basic principles upon which the Federal systems of classification and pay comparability rest are not permanently distorted.

A pay system built on the comparability of pay rates to private industry can have little credibility or fiscal soundness if employees are not performing at the level of work for which they are being paid, and the principle of "equal pay for equal work" loses its meaning.

Similarly, a classification system in which levels of work determine the position, status, and pay of employees is of little value if its standards cannot be enforced.

Under our proposal, an employee would be returned to the correct grade of the position occupied upon termination of the 2-year retention period.

This time limit on grade retention provides additional incentive to the employee and to agency management to effect reassignment within that period before actual downgrading of the employee occurs.

Adjustment to the proper pay rate is attained gradually by the built-in corrective feature of partial future increases, which insures that an employee ultimately will be returned to a pay rate within the range of the proper grade.

Indefinite grade retention, as provided in H.R. 6953, lacks these self-corrective features, which we consider critical to preserving the integrity of the Government's classification and pay systems.

Under the bill, the classification and pay comparability systems would be permanently—and increasingly—warped and incorrect;

neither management nor the employee would be provided an incentive to effect a reassignment to a position with a grade level matching the retained grade.

As I noted earlier, upon expiration of the 2-year grade retention period, under our proposal the employee's pay would generally be accommodated within the range of the grade of the position occupied.

For employees earning a rate of pay more than the maximum step of the grade occupied, that higher rate would be retained. However, in those few instances when the reduction may be several grades, the retained rate would be limited to 150 percent of the maximum step of the grade occupied.

Employees entitled to a retained rate above the maximum rate would receive 50 percent of future general increases authorized for the maximum step of the grade.

The pay provisions outlined earlier will insure that most employees will suffer no sudden loss of income such as now occurs under pay retention provisions. At present, an employee's pay is abruptly decreased to the maximum step of the grade occupied at the end of 2 years.

In addition to improving employee protections, we need to strengthen agency efforts to reassign employees to positions equal in grade to their retained grade during the retention period.

Thus, our proposal would grant the Commission authority to issue regulations requiring an agency to give priority placement consideration at the retained grade level to that agency's employees with retained grade during the retention period.

It would also give the Commission authority to issue regulations on agency retraining programs for the purpose of improving the qualifications of employees and enhancing their opportunities for consideration for other positions.

The Commission would be authorized to monitor vacancies and, if necessary, to go so far as to direct placement in the employee's agency.

These new regulatory authorities would enable the Commission to assist agencies in analyzing their needs and problems and to develop practical approaches and solutions to their placement concerns. The extent of an agency's downgradings, of course, would determine the nature and extent of our activity in this area.

Finally, under our proposal, entitlements to grade and pay retention would be prospectively applicable. H.R. 6953, on the other hand, would grant retroactive entitlement back to mid-1975.

We object to a retroactive provision for several reasons. First, an arbitrary date to which actions may be altered retroactively creates inequities by automatically excluding employees who fall outside the authorized period by as little as a day.

Second, reconstructing the past personnel actions requires a time-consuming and costly effort on the part of agencies.

Finally, it presents serious problems in dealing with employees who have since left the civil service and those who have since been promoted.

For these reasons, we believe the H.R. 6953's retroactivity provision will cause many more problems than it seeks to alleviate.

In conclusion, I consider it essential that any plan of grade retention, in protecting the legitimate interests of employees, should also

protect the integrity of the classification and pay system and the key concept of pay comparability.

It should also provide built-incorrection features to bring the pay of employees with retained grades back into harmony with the system within a reasonable period of time.

I believe the Commission's proposal will do that, and I urge its serious consideration.

This ends my prepared statement. My colleagues and I will be happy to answer any questions that you may have, as best we can.

Mrs. SPELLMAN. Thank you very much, Mr. Chairman.

I need to get a few things straight in my mind. Present law requires that an employee be retained in pay status for a 2-year period.

Mr. CAMPBELL. That is correct.

Mrs. SPELLMAN. And there is to be an effort to transfer him to another position. We know that is not working very well. Do you have any statistics, any figures on how well that might be working?

Mr. CAMPBELL. I do not have.

Mrs. SPELLMAN. What exactly will be done to encourage agencies to accomplish transfers under the proposal that you now have?

Mr. CAMPBELL. Well, what it would do primarily is give the Commission the necessary authority, which, in the end, could lead to certain kinds of specific directions to the agencies.

We feel that, with that authority in the background, we will be more successful in dealing with the agencies in working on placement and in developing training programs, and in the total process of attempting to get them to place people on retained grade in equivalent grades.

We have recently worked out an arrangement with HEW in that regard on an administrative basis, where we have extended the period from 1 year to 3 years, and, after a lot of consultation back and forth in which I personally participated with Secretary Califano, I think we have an arrangement there that is going to work and that there is going to be a genuine effort made, both by the Commission and HEW, to make it work.

Mrs. SPELLMAN. I must say that, with you in the driver's seat, I feel that a great deal more will be accomplished.

Mr. CAMPBELL. Thank you much.

Mrs. SPELLMAN. But, you know, you're going to be dealing with a lot of recalcitrant dragons, and that you're going to have to do a lot of pushing, and a great deal of monitoring to insure success.

Mr. CAMPBELL. We are obviously concerned, too, and I would only say that, at least at the moment, I believe there is a kind of spirit which can make these matters work and that this is not unrelated to the change in administration.

Mrs. SPELLMAN. As we talk about retroactivity, do you have any figures on how many people may have been downgraded within this past year?

Mr. CAMPBELL. I'm not certain I can give you figures on the past year. Our guess, at the moment, as to the extent of overgrading which does exist based on the sample drawn—and again I wish to emphasize the smallness of the sample and therefore the lack of very specific reliability of these figures—is an overgrading rate of about 8 percent and an undergrading error rate of approximately 2 percent.

Now, how many people have, in fact, been downgraded in the past year, I don't know. But perhaps Mr. Cole has the figures.

Mr. COLE. Madam Chairwoman, we don't have figures for the current fiscal year, fiscal 1977. We do have figures, however, for fiscals 1967 through 1976, and the figures for the most recent year that we have—fiscal 1976—would indicate something on the order of 16,000 downgrades for all reasons.

The two major ones Chairman Campbell mentioned in his preliminary remarks: downgrades resulting from reorganization and reduction in force amount to slightly over 8,900, and reduction or demotions resulting from adverse actions of one kind or another total something on the order of almost 7,100. That is for fiscal 1976.

Mrs. SPELLMAN. I must say that I am very much in favor of your adding those people who are downgraded because of RIF's and reorganizations. I think that improves the proposal.

Mr. CAMPBELL. May I simply add, in respect to that, that this is obviously a matter of interest to the President, because of his desire that no employee be hurt by the reorganization process.

Mrs. SPELLMAN. Mr. Harris?

Mr. HARRIS. I would be happy to yield to Mr. Leach.

Mr. LEACH. Sir, you indicated that reorganization can produce staff reductions. Would you estimate by 1980 whether or not total Federal employment will go up or down and by how much under the President's reorganization proposals?

Mr. CAMPBELL. No, I really can't, and I don't even think I would take a guess at it. The reorganization is just barely getting underway. The executive committee had its first meeting last week, and the extent to which the actual reorganizations will be resulting in employment reductions, I think, is impossible to guess.

I would argue, however, that there are matters relating to the reorganization in terms of responsiveness of service delivery and in relationship to the quality and quantity of productivity. I feel that the reorganization is more likely to have an affect there, rather than in the decline in the number of employees. And I would guess that the decline in the number of employees would come about by a reduction in the growth rate, rather than by an absolute decline. But that is a personal opinion, based on some years of study of past reorganization efforts.

Mr. LEACH. But are you not saying that there will be a decline in the number of Federal employees over the next 3 years.

Mr. CAMPBELL. No; I am not saying that. I'm saying there will certainly be a decline in the rate of increase whether there will be a decline in the total number of Federal employees depends upon matters that go far beyond reorganization. It depends on programs adopted. It depends on what Congress requires the executive branch to do.

If one could separate for analysis the impact of the reorganization itself, independent of the other forces that play in society, then, my guess is that reorganization will result in some reduction in employment.

Mr. LEACH. But what you have just said, if I may summarize it, is that you expect over the next few years the number of Federal employees to increase, but at a declining rate; is that correct?

Mr. CAMPBELL. If one is going to make any estimates about the role of the Federal Government in our society in relationship to health insurance, in relationship to other programs, I would say yes.

If you take as given the present range of responsibilities of the Federal Government and against that, ask what reorganization will do, then, I think that it is possible to protect some small decline in total Federal employment.

All I'm trying to say is that the variables involved here are many more than simply reorganization.

Mr. LEACH. Yes; they are. I think, though, that you are saying something philosophically exceedingly important to the American people.

It appears to me that you are projecting an increase in Federal employment over the next few years, depending upon an increased or expanding role of the Federal Government per se. Is that correct?

Mr. CAMPBELL. If there is an expanding role of the Federal Government; yes.

Mr. LEACH. Well, then, rather than giving us a conditional response, are you projecting an expanded role, and are you projecting an increase in employment?

Mr. CAMPBELL. One would have to project the President's program and Congress' reaction to it, and I'm not prepared to do that.

Mr. LEACH. Well, I would just comment further, that a major aspect of the President's campaign was a reduction in the size of government, and certainly in Federal employment. At least, that was what came across to the American people. And to put that commitment in terms of a declining percent increase, rather than an actual decrease, I'm not sure that is what would be expected by some of us.

The second thing, when you say declining percent increase, declining over what base period?

Mr. CAMPBELL. Well, I simply was taking the current base. My remarks did not have that kind of precision.

I would like to add, too, if I may, Congressman Leach, that the President's claims and promises relative to reorganization rested heavily on improving the quality of service, the responsiveness of the system.

His concern with size related more to the number of agencies, the number of levels that processes must go through, and it related to his own commitment that reorganization would not hurt individual Federal employees. I think he has made that very clear over the past several months in his meetings with employees in the Federal agencies.

Mr. LEACH. Can you tell us how many employee jobs, under the bill that you will be proposing, do you think will be affected by the reorganization effort?

Mr. CAMPBELL. No. I can comment on what we think, without having the kind of hard evidence we need. And I can comment as to the proportion of jobs which are overclassified. That is not a result, obviously, of reorganization; that is a result of errors in the classification process.

As I have suggested, on the basis of our very small sample, there appears to be 8 percent overgraded and 2 percent undergraded.

And in relation to the number of employees that will be impacted by reorganization, I simply do not think we will be in a position to see that until we see reorganization plans.

We can say that the relative cost of the program we are suggesting, relative to the bills that we are discussing today, would be less in our proposal than in the other proposals.

Mr. LEACH. Can you estimate how much money you expect to save by your approach?

Mr. CAMPBELL. We are making a very rough guess, because in order to do so, you have to make guesses about how many employees are going to be affected by reorganization. If you base that a bit on some of the impacts of reorganization in the past, as well as on some very rough guesses, it is our belief that the program we are outlining will cost, in the early years of its enforcement, somewhat more than the bill which we are discussing, because it includes employees impacted by reductions in force brought about by reorganization, which the other bill does not.

But, in the long pull, we do not believe that the measure we are proposing will cost more than a million dollars a year, in addition to current costs, which, if I'm right, are about \$6 million a year. The long-run annual costs of the bill we are discussing, would be about \$3 million more than the costs of our bill.

Now, we can provide you some background information as to how we got to those figures if you would like to have it.

Mr. LEACH. Thank you.

Mrs. SPELLMAN. I might say to my colleague, Mr. Leach, that, surprisingly enough, the Federal work force has remained fairly constant. When we talk about big government we're really not talking about that many more Federal employees.

I think it is the additional services and responsibilities that the Federal Government undertakes which has come under attack. One must realize, however, that we don't always staff the agencies with the full complement of specialists that are needed to accomplish the job.

Mr. LEACH. If the gentlelady would yield, there has been a constant level over the last 8 years, and my concern was that we do not have an increase in the next 4 years.

Mrs. SPELLMAN. I think the President is equally concerned, from what I have heard him say.

Mr. Harris?

Mr. HARRIS. Thank you, Madam Chairman.

Mrs. SPELLMAN. I might point out, Mr. Harris, that I really wasn't attempting to look like Elizabeth Taylor by wearing my sunglasses. [Laughter.]

Nor was I attempting to look like Chairman Nix. [Laughter.]

I just can't find my regular glasses. So, I am wearing these.

Mr. HARRIS. Well, may the gentleman from Virginia note that you really don't have to try to look like Elizabeth Taylor. It just happens. [Laughter.]

Mrs. SPELLMAN. The gentleman may ask any questions he desires. [Laughter.]

Mr. HARRIS. Welcome, again, Mr. Chairman. I hope you had a pleasant weekend. It's been Friday since we've met.

May I ask quickly—and you may have been asked this question before and I apologize if I wasn't here to hear the answer—you speak of a proposal that's going to be submitted to Congress. When will the proposal be submitted to Congress?

Mr. CAMPBELL. About 2 weeks, is our plan.

Mr. HARRIS. Let me ask you if you feel there should be a distinction between downgrading with respect to RIF's and reorganization, and individual downgradings?

I have heard the contention made that, in the latter case, there should be more protection. Let me give you an example: If you have an overall reorganization, and overall RIF, it has nothing to do with individual employees and what have you. It could have the perhaps extreme case of an employee who was a grade 8 seeking a position that was a grade 10 and finally achieving that position, and then being advised a little while later that that position has been regraded to a grade 8.

And I just wonder if, in that case, there should be some kind of added protection, as distinguished from just a RIF or reorganization type of case?

Mr. CAMPBELL. Well, as far as the impact on the individual employee is concerned, I don't think that the impact is any different, if the result is a downgrading or a loss of pay.

I must admit that, when I began working on this issue—and I began working on it very soon after getting here because of the obvious coming impact of reorganization—that I thought there ought to be a distinction between those positions impacted by reorganization and those impacted by reclassification and overgradings and the like.

The more I thought about it, the more convinced I became that, from an employee point of view, that would be unfair because he is equally not at blame in either case. And therefore, we have made a proposal which covers both kinds of downgrading, and I must say that I have become convinced that this is the most equitable way to approach it.

Mr. HARRIS. Thank you.

I have heard the charge made that there are some agencies who abolish a unit, create a new unit with a similar function but with different positions downgraded and what have you. And the charge is made that agencies do this in order to avoid downgrading.

I wonder, No. 1, whether the CSC gets involved in that sort of action; and, No. 2, what you feel about it?

Mr. CAMPBELL. No. 1, the Commission through its evaluation unit, which John Cole heads, does indeed examine that kind of situation. And if it appears to have been done for reasons other than the agency mission and good administration, attention will be called to that, and corrective action will be required.

Let me say, however, that I'm not an innocent in these matters, and, apart from efforts to accomplish downgrading, there are other reasons for abolishing an organization and creating a new one alongside it, for example, in order to remove employees and to get a new set of employees in.

And it is my anticipation that the current Civil Service Commission, operating under a very strong mandate from the President, will be very alert to that kind of subterfuge.

Mr. HARRIS. I have also heard the charge made that some agencies are rushing to get all the downgradings that they can before legislation is passed.

Do you think there is any validity to that charge?

Mr. CAMPBELL. No; quite the contrary. If anything, I think, what they are doing is holding their fire in the hopes that there will be legislation passed which will make it easier for them to deal with this situation, and I think that is a pretty general situation across the Government. For example, take the arrangement with HEW I described earlier, for extending the time period—other agencies are now dealing with us in terms of whether we can make a similar arrangement with them. We are looking at individual agencies in order to do that and working with the Interagency Advisory Group in that matter, and we would certainly be willing to examine the question in specific situations where there is a charge that there has been a hurrying up of the downgrading. But my guess is that that is not the general pattern. Rather, just the opposite is the pattern.

Mr. HARRIS. There is a question in my mind specifically about having a moratorium on downgrading. Do you think there is a necessity for a moratorium on downgrading?

Mr. CAMPBELL. No; I do not. And I believe that the new flexibility being shown by the Commission in working out individual arrangements with the agencies to aid them in carrying out their reclassifications is a better way to go about it than to have an absolute moratorium in bringing everything to a dead halt during this period of transition to a new statute.

Mr. HARRIS. I note your proposal on page 6 and the following pages of your statement. Does that cover both white and blue collar?

Mr. CAMPBELL. Yes; it does cover both the classified service and the blue-collar service and will be so specifically stated in the legislation.

Mr. HARRIS. Does it cover all downgradings and reorganizations?

Mr. CAMPBELL. Yes.

Mr. HARRIS. The only reason I press the point is I note on page 6 that it says "various reorganization types." I didn't know whether that meant all or certain.

Mr. CAMPBELL. It means all.

Mr. HARRIS. In page 10 you point out that H.R. 6953 with respect to its retroactive feature would be time consuming and costly.

How much do you think it would cost, the retroactive feature?

Mr. CAMPBELL. I don't know that we have made any effort to estimate the cost. You're talking about the retroactive provision?

Mr. HARRIS. The retroactive feature, specifically. You said it was "time consuming and costly," and I just wondered how much it would cost.

Mr. KISTLER. I think, Congressman Harris, our principal concern there is with respect to the administrative cost and the administrative chaos that we believe could be created through the reconstruction of the various personnel actions that have taken place over a 2-year period. There are no specific dollar estimates, though.

Mr. CAMPBELL. May I say that I understand that your next witness, William Valdes, from the Defense Department, will comment on the difficulty of carrying out that retroactive provision as it relates to that Department, which I find very convincing.

Mr. HARRIS. Do you have any notion, any ballpark figure of what I think is a very important point, of really how costly it would be?

Mr. CAMPBELL. All I can say is that we do not. But if the subcommittee would like as accurate a figure as we could put together on that, we will certainly try to estimate it for you.

Mr. HARRIS. I think, Madam Chairman, I would like to at least have an indication of the magnitude. We don't want to do anything that is time consuming or costly, but on the other hand we need the information.

Are you suggesting that under the bill, that agencies would have to reconstruct RIF's?

Mr. CAMPBELL. Yes; they would have to reconstruct each personnel action over that time period that is covered, and in doing that it could be a very time-consuming thing. And the point Mr. Kistler made is a good one and, obviously, it is conceivable it may be translated into dollar costs—but it is difficult—but that's the administrative time it would take the agency personnel offices to do that.

Mr. HARRIS. Tell me this, if you will; we have had so much testimony that the retroactive feature to July 1975 was good but not nearly as good as July 1974, and as a matter of fact I think we had testimony that that was not nearly as good as July of 1973 because of some particular things that happened then, which I am sure probably isn't as good as 1972. If we had a retroactive feature, does the Commission see any particular logic in one date over the other?

Mr. CAMPBELL. The answer to that is, "No." And your point is well taken. Whenever you draw the line, there are people who, by 1 day or so, will not make it.

I would simply say that from the Commission's point of view, if there is to be a retroactive provision, the more current it could be, the better.

Mr. HARRIS. You got some nods from your colleagues on that.

Mr. CAMPBELL. Yes; they are the people who have to do the work.

Mr. HARRIS. I think the subcommittee is going to have to look at this feature of it. I would like some expert views on the best date. We heard testimony that within a certain period there were a great many downgradings. I would like some views as to if there were in fact any important periods of downgrading, that if we had a retroactive feature, we should be sure that period is covered.

Mr. CAMPBELL. We can provide information on the number of downgradings, by year.

Mr. HARRIS. In simple terms, I'm saying if we were in fact discussing and considering a downgrading and retroactivity to July of 1975, I guess we should know when we are considering that that between the period of March and June of 1975 there was a great flurry of downgrading, or some great bulge in that line that we should consider whether or not we want to cover.

Mr. CAMPBELL. We can provide you, I think, some data which will, at least, aid in understanding what that involves.

Mr. HARRIS. Thank you for your testimony and for your responses to my questions.

Thank you, Madam Chairman.

Mrs. SPELLMAN. Thank you very much.

Having worked in a personal office many, many years back, to be sure, I find it a little difficult to believe that they can't really recon-

struct, without too much difficulty, those cases of downgrading. Wouldn't they have records on that?

Mr. CAMPBELL. I'm going to ask John Cole to comment on that.

Mrs. COLE. There are individual records on individual employees, Mrs. Spellman, and it is possible to go back in time and reconstruct. As Chairman Campbell has suggested, the farther back you go in time, the more difficult that becomes, the more complicated it becomes, because of actions that have occurred in the intervening period.

And so it is not impossible; it is just difficult, that's all, particularly when you have a work force as large as the one we are talking about, which, contrary to a lot of assumptions, is fairly mobile and that generates lots of administrative activity. I think it would be administratively quite costly, as Mr. Kistler suggests.

Mr. CAMPBELL. Fred, do you want to add a word to that?

Mr. KISTLER. I think one illustrative problem is with respect to people who left the service after having been demoted during the retroactive period, and this presents a special problem in terms of expense and complexity and hunting these people down and then honoring backpay claims from them.

Mrs. SPELLMAN. In your statement, you mentioned that many demotions are caused as a result of management decisions to reorganize.

Do you feel that presently there are enough safeguards to insure the protection of the employee rights in reorganization situations; and if not, what changes should be made?

Mr. CAMPBELL. Well, I think the legislation we are recommending will indeed provide protection in reorganization situations, and it does so because it does have indefinite pay protection and 2-year grade retention.

Now, that is a considerable move, as you are well aware as one who has been involved in the past in these matters.

Mrs. SPELLMAN. To what do you attribute the large number of overgraded Federal employees?

Mr. CAMPBELL. I am going to comment just briefly on that and then ask my colleagues who have more experience than I to comment.

I have recently attempted to get a feel for that myself. And in examining what has gone on in the past, I don't think one can underestimate the importance of the addition of employees, particularly in some of the social agencies during the "Great Society" years. There was a lack of attention to that kind of detail and a desire to get on with the job.

Second, I think the technology changes which have in fact impacted the kinds of services needed in relationship to specific jobs requiring some to be graded higher and some to be graded lower, and the system does not respond as rapidly to those winds of changes as it otherwise should.

Beyond that, I do not have any very specific information.

Fred, do you?

Mr. KISTLER. I would agree with what you said 100 percent.

Mr. COLE. I would like to add to that. It is a very complex matter, Mrs. Spellman, but I think that the seeds of our current overgrading problem were really sown prior to the early 1960's when pay comparability became a principle of Government pay enacted by the

Congress, and in the absence of that principle in the late 1950's and early 1960's, there were attempts to use the classification system to make up for the defects in the pay system. And, in effect, I think Federal managers felt that it was justifiable to overgrade jobs because, in effect, that made the pay levels more competitive with the private sector and enabled the Government to obtain the kind of talent it needed. I think that got us into some bad habits and that government-wide there was a tendency not to think about control on grades and sound position management.

And after pay comparability essentially arrived on the scene in the late 1960's and early 1970's, there was not a reversal of the habit patterns that had grown up during the late 1950's and early 1960's.

So I think we got into a habit pattern, and it takes a lot to get out of a habit pattern once an institution as large as the Federal Government has gotten into it.

Mrs. SPELLMAN. Thank you.

I would call on our counsel now, Mr. McCluskey.

Mr. McCLUSKEY. Mr. Chairman, I note on page 7 that your proposal would authorize grade retention for a 2-year period during which agencies would be required to make every effort to reassign demoted employees to a "position equal." Change the word "grade" to "pay" and that seems to be the present law. We don't seem to find many statistics in staff research showing that this is working very well in Government today. I'm not saying that the Commission can't make it work well, but the subcommittee would be very interested in keeping a sharp eye on that one clause.

Mr. CAMPBELL. Well, I hope you will, and I do commit the Commission to make a genuine effort.

I would go beyond that and say that the 2-year pay retention does not create quite the situation for the agency that the 2-year grade retention does, and in our judgment the need to clear up that situation will put some pressure on the agency to try and find a way of dealing with it before the 2-year grade retention is up.

Mr. McCLUSKEY. It would help with some of the cost figures that have been asked for.

Do you have any figures showing the average tenure of an employee in a position which has been downgraded?

Mr. CAMPBELL. Do you mean the average time that an employee who is demoted because his position has been reclassified, the amount of time he spends in that position?

Mr. McCLUSKEY. Yes.

Mr. CAMPBELL. I do not.

Do we, John?

Mr. COLE. We don't have any hard data on that, but I think I am correct in saying that the average Federal employee usually is found in step 4 of the grade, which tends to suggest that employees average more than the 3 years in the grade from which they are downgraded.

Whether Mr. Kistler has any more precise statistics than that, I don't know.

The vast majority of employees who are downgraded are entitled to salary retention by virtue of the fact that they have been in grade for 2 years or longer.

Mr. McCLUSKEY. On page 6 of your testimony, you state that there are different types of management-initiated actions that produce downgradings.

Could you enumerate those?

Mr. CAMPBELL. Well, I will try, and my colleagues can add whatever I omit.

Certainly, reclassification is one. Another is reduction in force which may be a result of a reduction in program. It may be a result of reorganization. It may be a result of a transfer of function. In addition to that are individual adverse actions against employees relative to performance.

Mr. McCLUSKEY. Thank you very much, Madam Chairman.

Mrs. SPELLMAN. Thank you. The Chair recognizes Mr. Newton, our staff assistant.

Mr. NEWTON. I think there is still some confusion about the kinds of actions initiated against an employee who is downgraded in a position.

Can you differentiate between a RIF-reorganization and adverse action, both of which result in a demotion for the employee?

Mr. CAMPBELL. Well, as I understand it, in the case of a demotion produced by a reclassification, this reduces the grade of the employee and is an adverse action. And the employee may appeal either through the classification appeal process or through the adverse action appeal process.

In the case of reorganization where there is a reduction in force, if the employee has salary retention and grade retention for a period of time, then this is not an adverse action.

I want to make sure I'm right about that.

Mr. NEWTON. Is it not possible for a RIF-reorganization action to be taken against an individual, an employee, one position—in other words, not in the generic sense of an organizational realignment affecting more than one position?

Mr. CAMPBELL. It is possible.

Mr. NEWTON. And correct me if I'm wrong—is this what is happening within HEW? The adverse actions against the employees is predominantly RIF-reorganization as opposed to some other agencies where they are taking adverse actions against the employees?

Mr. CAMPBELL. Let me state how I understand the HEW situation, and others here can add to it.

There are two things going on in HEW. One is a very close and hard look at the classifications in terms of a strong belief and evidence that there is substantial overgrading, and it is that which Secretary Califano asked the Commission to, first of all, have a moratorium on. And we have worked out an arrangement with him in relationship to how that can be corrected because of the quantity involved.

In addition, HEW has undergone reorganization, an internal reorganization, and in relation to the employee impact of that I would assume that to the extent there is an employee impact, that it would be through RIF or transfers or in other ways impacting employees as opposed to the downgrading.

Now, what is the relative quantity? My guess is, as of this time, the reclassification is affecting many more employees than the reorganization is.

Mr. NEWTON. Regardless of the action that's taken, however, whether it's reduction in force or adverse action, there is an appeal right to the Civil Service Commission on the action taken against the individual?

Mr. CAMPBELL. Yes; that's correct.

Mr. NEWTON. Under the Commission's outline for the legislative proposal, what kind of action would be taken against the employee?

Mr. CAMPBELL. The action that would be taken in relationship to grade following the 2-year grade retention, if there has not been a like-graded position found for the employee—if, in fact, he is demoted—that action would be an action that would reduce his grade at the end of the 2-year period.

Now, correct me on this if I'm not correct, but as I understand it, because of the indefinite salary retention, plus the 2-year grade retention, an appeal right would not exist within the statute.

Mr. NEWTON. Within the 2-year time period, that is, on the retained grade?

Mr. CAMPBELL. I believe permanently.

Mr. KISTLER. Our proposal will include a feature whereby an employee who receives a personal grade and then goes from that personal grade to an indefinitely retained grade would be considered not to have suffered an adverse action and thereby not be entitled to specific adverse action appeal as a result of that process.

That employee would, however, retain the right to challenge the classification of his or her position through the classification appeals process at any point in time.

Furthermore, if that downgrading action were as a result of the operation of the reduction-in-force system, the right to a reduction-in-force appeal would continue to be retained.

Mr. NEWTON. So on a straight reclassification action, at the time the determination is made that position is overgraded, under your proposal there would be no personnel action taken for a 2-year period?

Mr. KISTLER. None, other than a simple notice to the employee.

Mr. NEWTON. Which, for that 2-year period, places the employee in the same position as if he were under our legislation. There is no action taken against the employee from which he could appeal at the end of that time. After 2 years then there would be an adverse action from which the employee could appeal, or some kind of action from which the employee could appeal?

Mr. KISTLER. No; there would at no point in time be an adverse action considered to have been taken against that employee. I believe the employee could exercise his right to challenge, from a classification standpoint, the decision that that job is lower graded from that very first moment on.

Mr. NEWTON. Which is true today.

Mr. CAMPBELL. Yes; he could challenge the classification decision in relation to the grade the employee is holding.

As far as an adverse action, because we have permanent salary retention, there is not the right to appeal on an adverse action basis in relationship to what happens at the end of the 2-year period.

Mr. NEWTON. I may be getting more confused as we dig into this.

It would seem to me that if an employee loses a grade, leaving aside the question of salary, which is not really the predominant or largest

concern on the part of the employees that are suffering downgradings—but if there is a loss in grade, there is a lost to the employee—future career advancement, is one of the largest adverse impacts of downgrading. Yet under the Commission's proposal you are saying that they would suffer that kind of adverse impact and have no appeal right from that?

Mr. CAMPBELL. That's right. That is what our proposal will state, and it will state it because we view the effort being made here to protect employees in relationship to grade retention and the requirements on departments to find alternative employment at an equal grade plus salary retention as a substantial protection, and we, therefore, feel that the right of appeal from adverse action would be excessive. And, obviously, that's a matter that people can differ about.

Mr. NEWTON. Just one further point that I would like to get on the record of these hearings.

It is true—and I think our committee would well admit—that there is no initiative or incentive within our legislation for management to go ahead and correct improperly classified positions. The bill is properly called indefinite grade retention.

But suppose that legislation were enacted. Do not the Commission and the agencies have sufficient administrative authority to take corrective actions even in view of the legislation without having to build into the law the incentive for them to correctly classify positions?

Mr. CAMPBELL. There's no question that the legal authority is there.

I think we all must recognize, however, that incentives make a very substantial contribution to people using their authority, and that there simply would not be the kind of attention to this that we feel is important unless there is that kind of incentive in the system.

Mr. NEWTON. Thank you, Madam Chairwoman.

Mrs. SPELLMAN. Thank you very much.

Mr. Leach?

Mr. LEACH. The U.S. Government is our country's largest employer, and often sets an example for the rest of society. In your judgment, do you believe the commission's program for protection of downgraded employees can serve as a model which should be replicated within the private sector of American enterprise?

Mr. CAMPBELL. We believe, based on the information that we have, that this protection exceeds that which is provided most Americans in the private sector. That depends, obviously, in the private sector upon union agreements and thereby, it varies substantially from firm to firm.

But on the whole, the grade retention provided here, plus the indefinite salary retention, is greater than the protections normally afforded employees in the private sector.

Mr. LEACH. Do you think then, philosophically, it exceeds the general mandate of trying to achieve pay comparability within the Federal Government? For example, it would appear that the security comparability compared to private enterprise is substantially higher. Does that, in a philosophical sense, exceed the mandate of the normal desire for comparability?

Mr. CAMPBELL. I would not argue that the recommendations we are making today is an outgrowth of the comparability concept. I would go on to say that in order to retain comparability in relation to pay, we feel that no more than a 2-year grade retention is important.

In relation to how the private sector behaves, I would simply suggest that the Government here is, in relation to protecting employees' economic well-being, setting a model with which I, at least, would be sympathetic to see in the private sector.

Mr. LEACH. Thank you. I appreciate that.

Mrs. SPELLMAN. We thank you very much for appearing here. I must admit that I'm a little bit concerned about the one proposal, or the one facet which does not give an employee the right to appeal an adverse action. It does seem to me that taking away an employees' appeal is a subversion of his rights. I do hope that we will be discussing this point further.

Mr. CAMPBELL. Right; we would like the opportunity to make our case on that as we go down the road.

Mrs. SPELLMAN. Thank you very much.

Our next witness is Mr. William Valdes, Staff Director of the Office of Civilian Personnel Policy of the Department of Defense.

STATEMENT OF WILLIAM C. VALDES, STAFF DIRECTOR, OFFICE OF THE DEPUTY ASSISTANT SECRETARY OF DEFENSE, CIVILIAN PERSONNEL POLICY, ACCOMPANIED BY PASCALE A. PETOSA, DIRECTOR, COMPENSATION AND POSITION MANAGEMENT

Mr. VALDES. Thank you. Accompanying me is Mr. Pascale Petosa, who is our Director of Compensation and Position Management.

We appreciate the invitation to provide the views of the Department of Defense on H.R. 6953. We in the Department share the subcommittee's concern about the adverse effects of downgrading actions upon employees, and believe that present laws and regulations are not adequate to deal with the problem.

In a Department such as the Department of Defense where programs are subject to the forces of technological change, international developments, and many other factors which affect the size and composition of the work force, inevitably some employees are affected by grade reductions.

In recent years, reductions in force have been the major cause of downgradings. These reductions in force have resulted primarily from the steady reduction in the size of the civilian work force since 1969, totaling over nearly 350,000 positions and from reorganizations necessary to adjust the work force to changed work loads and organizational requirements. We estimate that in the last 3 years about 17,000 or 63 percent of the downgradings have resulted from reduction in force actions.

The balance of the downgradings in the past 3 years, about 10,000—or 37 percent of the total—have resulted from changes in job classification due either to correction of classification error or application of new classification standards. In this category of job reclassification, the largest proportion of the downgradings during the past 3 years, in fact through the past 9 years, has resulted from the difficult process of converting our 350,000 blue collar workers from separate agency systems into the coordinated Federal wage system and its successor, the current Federal wage system and its successor, the current Federal wage system established by Public Law 92-392. The conversion of National Guard technicians from State to Federal status also caused

considerable turbulence as a result of application of the Civil Service Commission classification standards.

The transition from the varying military department alignments of occupations to the alignment of the Federal wage system resulted in about 19,600 upgradings and 23,800 downgradings during the total 7-year conversion period ending in March 1976.

H.R. 6953 would protect the grade and pay of workers in the second group—that is the employees whose demotions are caused by findings of earlier classification error or because the applicable classification standard has changed. Since section 5366(b) of the bill makes the provisions retroactive to July 1, 1975, we estimate that for the 15-month period which includes fiscal year 1976, and the transition quarter, it would be necessary to reconstruct actions affecting about 6,500 employees in the Department of Defense, on a case-by-case basis.

The reconstruction of these actions would be difficult, time consuming, and costly and would not correct inequities among employees. Those employees whose downgrading took place prior to the retroactive date, of course, will feel that they too should have been covered.

In this connection, we estimate that about 90 percent of the actions that would be covered retroactively in the Department of Defense involve employees who were downgraded as a result of conversion to the Federal wage system. Since such conversions span a period back to 1969, fixing a retroactive date of July 1, 1975, does little to establish equity among employees affected by similar actions.

While H.R. 6953 provides grade retention for the employees who happen to be downgraded as a result of reclassification of their positions, it provides no protection for the much larger number of employees whose downgrading resulted from reorganization and reduction in force.

As an employer, we are concerned with the differing treatment which the two categories of downgraded employees would receive if H.R. 6953 were to be enacted. We are concerned because the circumstances leading to a downgrading resulting from reorganization and reduction in force can be very similar to a downgrading resulting from reclassification of an employee's position.

Employees have difficulty in perceiving a difference between these kinds of actions. In both circumstances, the impact upon the employee of a downgrading is the same regardless of the cause and the impact upon employee morale equally severe. In coping with this problem, the objective should be to ease the financial impact of downgrading upon the employee regardless of the cause and to aid him to return to his former grade as rapidly as circumstances permit.

Today, we are seeking to achieve these objectives through a wide variety of pay-saving provisions which cover most downgradings, except for some limited categories of reduction in force. The entitlement to pay saving, however, varies with the particular action which gave rise to the downgrading and with the pay system under which the employee is paid.

In some situations, the employee's pay is saved and he receives full pay increases for 2 years and nothing thereafter. In other situations, such as on conversion to the Federal wage system, the employee's pay

is saved and he receives one-half of future increases until the scheduled rate catches up to his pay.

We believe a more consistent and comprehensive approach to the problem is needed than that incorporated in H.R. 6953 or in present laws and regulations.

The alternate legislation outlined in Chairman Campbell's testimony contains a combination of provisions which will accomplish the more comprehensive revision of procedures for handling downgrading actions that is needed. The legislation reflects the view of the Department of Defense that what is required is a single set of rules which cover essentially all downgrading actions, which do not permanently distort the classification system, and which emphasize phasing the employee back into the system at his former grade as soon as possible.

Legislation, such as H.R. 6953, providing indefinite grade protection to employees could result in damage to the integrity of the classification and pay systems, if, over a period of time, it results in substantial numbers of employees classified and paid indefinitely for jobs that they are not performing.

Grade protection limited to 2 years followed, if necessary, by pay savings, and combined with strengthened programs to get the downgraded employee assigned back to a position properly classified at his previous grade level, provides the downgraded employee with significantly improved benefits without jeopardizing the classification system.

In enacting legislation concerning downgrading, we urge that the Congress adopt a balanced approach which recognizes both the needs of employees and of management, and that it consolidate into one set of rules the current hodge-podge of provisions for salary retention.

Employees need some protection against the financial and career impact of downgradings and management needs to be able to adjust the work force to meet work requirements and to take corrective classification actions without the disruptions that result from large numbers of adverse actions and complex adverse action appeals procedures. The alternate legislation offered for your consideration is a balanced and workable approach, and we urge its enactment.

Thank you for the opportunity to present our views on this important legislation.

Mrs. SPELLMAN. We thank you very much, Mr. Valdes.

Mr. Harris?

Mr. HARRIS. Thank you, Madame Chairman. I don't have any questions. I appreciate the testimony.

Mrs. SPELLMAN. Thank you.

Mr. Newton?

Mr. NEWTON. I just have one question, Madame Chairwoman.

I'm a little concerned over the interpretation of who is covered by legislation that is before the subcommittee. It was in the previous statement as well as this one, that it provides no protection for the much larger number of employees whose downgrading resulted from reorganization and reductions in force. I take issue with that in that our bill provides protection for any employee whose position is downgraded for whatever reason, whether it is a management-initiated action which covers certain reductions in force or RIF reorganizations as

long as the employee is staying in the position that is reclassified. It is true that there are demotions that result from reductions in force, but in that case, an employee leaves a position and in a RIF that position is abolished—The employee moves to a new position to protect his employment with the Government.

But the RIF reorganization, as that has been used in the past, not necessarily in the Department of Defense, but other agencies, has resulted in just what—in or terms—what we are thinking of as a reclassification action, the RIF reorganizations. There is a large number of RIF actions that result in reclassification actions.

As long as the employee stays in the position, then our legislation does protect that employee. But I've notice you've said in your statement that no protection of much larger numbers of employees whose employment results from a reduction in force—a RIF due to a lack of funds or curtailment of work where there is a lack of program funds, or a shifting of a workload from one organization to another is a different character, a different kind of action.

Do you have any statistics of the numbers that you cited in your statement of which reorganizations occurred in the Department of Defense specifically for lack of funds or curtailment of work, and which would be RIF reorganizations?

Mr. VALDES. No; Mr. Newton, we don't have those kinds of statistics. We have found it a very difficult judgment to make, tracing back the actual cause of a reduction in force. One can argue in many of these cases that it is due to other factors, the desire for increased efficiency, more productivity, to adapt to a changing technological requirement, or one could argue that it was due to a shortage of work.

And we have tended to be quite liberal in our interpretation; liberal in the sense that it would provide pay savings for employees. But I do not have any data as to how that has worked out.

Mr. NEWTON. The existing pay-savings statute does not provide for salary savings if the reduction in force is caused by quote, lack of funds or curtailment of work. Close quote.

Mr. VALDES. That's correct.

Mr. NEWTON. Have there been reductions in force in the Department of Defense where pay savings have not applied?

Mr. VALDES. In recent years I don't believe that we have denied pay savings in reductions in force, because of the difficulty in making distinctions among types of reductions in force.

Mr. NEWTON. Thank you, Madam Chairwoman.

Mrs. SPELLMAN. When you say in recent years, how long a period of time are you referring to?

Mr. VALDES. Well, the data that I have goes back for a 3-year period, the last 3 years, totaling something like 27,000 downgrading actions; and about 17,000 of them were from reductions in force; and 10,000 by adverse actions involving the downward classification of positions.

Mrs. SPELLMAN. What happens if there is a downgrading because of RIF's and an employee chooses to retire, does he get to retire at the grade that he has been holding up until that particular downgrading?

Mr. VALDES. Well, the particular grade he is holding is not really significant in terms of his retirement, because it is calculated upon his earnings.

Mrs. SPELLMAN. Mr. McCluskey?

Mr. McCLUSKEY. Just one question, Mr. Valdes. Does the Department of Defense have any statistics available showing that under the present save-pay statute, the number of employees who have been out-placed in the 2-year period?

Mr. VALDES. No, Mr. McCluskey, we do not have any data. I tried to find such data prior to coming to this hearing, and was unable to come up with it. Our system just does not track that kind of action.

Mr. McCLUSKEY. Does the Department of Defense have any specific regulations requiring outplacement?

Mr. VALDES. Yes; we implement the Commission's regulations, which require that people be given consideration, priority consideration, in promotions. We have made provision in our referral system to give some priority to people who are downgraded for placement in vacant positions which may exist. One of the problems is that we have been undergoing such a steady succession of reductions that most of our attention and emphasis has been placed upon people who are going to be laid off, giving them priority consideration for the vacancies that we have.

Mr. McCLUSKEY. Madame Chairwoman, could I ask that the Department of Defense supply the subcommittee the civil service regulations and their regulations which are supposed to implement the saved pay?

Mr. VALDES. Yes; I will be glad to do that.

Mrs. SPELLMAN. That will be helpful. In your opinion, will the Civil Service Commission implementation of the factor evaluation system and the administration's announced plans to reorganize the Federal Government result in increased downgradings in your agency?

Mr. VALDES. That would be highly speculative for me to respond to.

Mrs. SPELLMAN. Maybe we ought to put it in different terms. Are you expecting any widespread reorganization in DOD?

Mr. VALDES. I think we will have some reorganization. And I think the introduction of the factor evaluation system is bound to have some impact, just as the introduction of any new system in the past has always given us something of a headache. Upgradings and downgradings—I refer to my testimony, for example. The introduction of the Federal Wage System caused thousands of ups and downs. We had the same experience when the National Guard technician people were brought into the federal system.

I would expect that we would have increased turbulence as a result of both the factor evaluation system and some reorganization.

Mrs. SPELLMAN. Mr. Valdes, do you have any cost estimates to give the subcommittee an idea of the cost of the retroactive clause in H.R. 6953, in terms of DOD, of course?

Mr. VALDES. I don't have any cost estimates. I can only describe the situation that we would be confronted with. We will have to trace, possibly I think under the bill we are talking about here, about 6,500 employees. It would be a much larger amount if the administration's bill is adopted and made retroactive.

This means we would have to check individual employee records. We would have to reconstruct actions that would have taken place; that there would be additional benefits to which they may have been

entitled; and we would have to trace employees who have left the job to which they were downgraded and moved back into other jobs. We would have to trace those who have left the service, but have the statutory entitlement.

So there would be a serious workload involving considerable numbers of man-hours of effort. But I do not know how to cost it out.

Mrs. SPELLMAN. Well, I thank you very much for your testimony. It has been most helpful. Thank you for coming.

Mr. VALDES. Thank you.

Mrs. SPELLMAN. Our last witness is Betty Gilliam, president of the Classification and Compensation Society.

Welcome to our subcommittee. I'm sure you will have a good bit of information to shed light on this problem we are trying to find some answers to.

STATEMENT OF BETTY S. GILLIAM, NATIONAL PRESIDENT, CLASSIFICATION AND COMPENSATION SOCIETY

Ms. GILLIAM. Thank you, Madam Chairwoman and members of the subcommittee. I am Betty Gilliam, president of the Classification and Compensation Society. Our members represent people who classify positions, develop position classification standards, conduct personnel management evaluations, audit positions, and conduct pay comparability studies.

Since we represent the first line of persons concerned with downgradings, we are especially pleased to have an opportunity to present views on the proposed legislation.

Position classification is the cornerstone of personnel administration and management. When a manager needs work performed, he should first identify what the work is and the purpose of the work. The job is then classified according to the type of the work and the level of the work. Qualifications are determined according to the classification of the job. Many employee benefits and rights are determined according to the classification of the job. Pay and retention rights are perhaps the most important of these rights and benefits.

Position classification is required by law. Section 5104, title 5, United States Code clearly states that the general schedule is a basic pay schedule, and further defines the level of difficulty and responsibility of work for each grade. Section 5105 of the code assigns to the Civil Service Commission the responsibility for preparing standards for placing positions in their proper classes and grades. Section 5110 states that the Civil Service Commission, from time to time, shall review such number of positions in each agency as will enable the Commission to determine whether the agency is placing positions in classes and grades in conformance with or consistently with published standards. It further requires CSC to take correction action.

The present classification system is designed to insure that Federal funds are expended in a manner representing the public interest. At the same time, the system is designed to insure equity and fairness to employees. We, as a society, completely support the concept of equal pay for equal work, the concept around which the present system is designed. We do not support H.R. 6953 as written because it would

destroy the concept of equal pay for equal work. In addition, the bill, as written, does not deal with the causes of overgrading nor offer incentives to employees or managers to eliminate the causes of overgrading.

We recognize, however, that some action must be taken, not only to protect the employees whose positions are subject to downgrading, but also to insure that those employees who are performing equal work are treated equitably. We wholeheartedly support the notion that legislation is required. We urge that the Congress keep in mind that the concept of equal pay for equal work is vital to a Federal personnel system. It is vital to all employees as well as the public. Our comments are intended to reflect our concerns for all interested parties and represent a compromise in several areas to insure that neither the interest of the employee nor the interest of the public is ignored.

The responsibility for position classification is an agency responsibility. The agency employs position classification specialists to classify its positions. These specialists are expected to review the positions to determine that they are consistent with standards issued by the Civil Service Commission, consistent with the principles of position classification, and consistent with the intent of the law. How position classification is perceived by managers is a critical factor in the effectiveness of the position classifier.

There are other responsibilities that must be acknowledged because they also impact upon the individual classifier's incentive to classify positions consistent with the intent of the law.

I would like to share with you what we believe to be some of the causes of overgradings and suggest ways we believe the basic causes of overgradings can be eliminated, or at least reduced.

There are basically four categories of overgradings: Those caused by the issuance of new position classification standards, those classified in error, those caused by planned management action, and those caused by the employee. These are no discrete categories in each instance, and one may be caused by the other.

First, let us look at the issuance of standards. When a new standard is issued, they usually contain specific information about the areas that have caused misclassification in the first place and are therefore applied with greater accuracy. In addition, occupational changes are reflected in the standards and may have an impact upon the grade. Incidentally, there are upgradings as a result of new standards. We do not often hear of the upgradings because that comes under the "Good News" department. Another noticeable change occurs when standards are issued for the first time for new occupations. Until standards are issued, classification is determined by comparison with standards for occupations that are similar in nature. This is perhaps the most difficult process in position classification and requires a highly trained position classification specialist. So actually, the issuance of a new standard may also correct some errors in judgment of the classifiers.

The next category of so-called classification error is more complicated because it is (a) the largest number and (b) the causes are very delicate to discuss. We believe a candid discussion is necessary if we are to find solutions to these problems. The last two categories, planned

management action and downgradings caused by the employee are so interrelated that we will examine them as a single group. Here are some of the specifics.

One: Managers view position classification as a means of paying higher wages. Higher wages are important to recruiting and retaining employees. Therefore, managers request positions to be classified at the grade level that represents pay commensurate with their own perception of the worth of the work. Often the classifier is considered "antimanagement" when he/she evaluates the position to be less than that requested by the manager. This pressure sometimes causes the classifier to simply put the grade on the position without a full evaluation of the facts.

Two: Programs change and therefore work assigned to individuals change. Programs may change because of budgetary restrictions imposed by the Congress, Office of Management and Budget, or the agency. Programs may change because of deemphasis on the part of the administration. Work decreases. Often the only remaining work is lower level, and certainly the level of responsibility is seriously affected. Often these program changes are not officially acknowledged, yet an audit of the job clearly reflects the change. The employee is ready, willing, and able to do a job, and because of that, no action is taken to correctly classify the job. Neither is action taken to identify the job and reassign the employee to an active program he/she can perform at his/her grade level.

Three: Managers reorganize and restructure positions. Without adequate planning, jobs can be affected because the most significant duties are either discontinued or assigned to other positions. These changes can result in either a downgrading of a specific position or a reduction in force that may affect many positions. Under reduction in force procedures, the employee may be assigned to a lower graded position. This can occur even though the agency has additional positions to fill. Managers are not required to offer vacant positions to employees being affected, even though the employee may be qualified to perform the work.

Four: Management is reluctant to downgrade employees because of the many adverse implications, so they set up positions that include vague duties, with the specific intent of saving the grade of the incumbent.

Five: Some position classification standards and guides are out of date and do not reflect the occupation. There are no standards for other occupations. This means that a higher rate of classification error may occur.

Six: Position classification specialists are untrained, especially in the use of cross-series comparisons. This becomes significant when standards are out of date or when no standard exists.

Seven: Positions in projected organizations do not materialize. Although the position may have been properly classified at the time of classification, later review reveals an overgraded position. Once encumbered, action is rarely taken to correct the problem.

Eight: Individual performance does not meet the grade of the position. This can be caused by employee inefficiency or inadequate supervision. Since many supervisors do not deal with performance

problems at the time of the performance appraisal, the impact of poor performance is shifted to the position classification process.

Although many of these problems could be solved by methods other than legislation, we doubt that action will be taken voluntarily. Because we recognize there may be many employees in overgraded positions through no fault of their own, the society supports the concept of both grade retention and pay retention for a limited period of time. We believe that the period must be limited to preserve the concept of equal pay for equal work. We also believe that pay retention is a must because of the use of reduction in force procedures in reorganizations. Under normal circumstances, organizational structures should be relatively stable and the use of reduction in force procedures would not be so complex and disruptive to the work process. However, the extensive reorganizations now underway will create an administrative nightmare unless regulations are simplified. The following requirements should be considered in developing the legislation.

One: The effective date of the legislation should be May 27, 1976. That is the date of the major directive—a Presidential memorandum—which reaffirmed the necessity for agencies to insure full compliance with law and regulations in matters pertaining to position classification and position management.

Two: The period for grade retention should be 2 years from the date of the initial audit, but not prior to the effective date in the legislation. The employee appeal rights should be limited to the initial notice of change in grade of position. An appeal should not delay the beginning of the 2-year period.

Three: During the 2 years the employee is in a saved grade, efforts must be made by the Government to place the employee without prejudice into a job of equal grade. Restrictions must be placed on hiring or promoting until employees are placed. This would provide incentive to management to reduce the number of employees who are paid at the levels above the work they perform. In effect, we are recommending a parallel concept to the concept of equal pay for equal work. It is a concept of equal work for equal pay.

Four: After the 2 years expire, the employee should be changed to the lower grade with full salary retention for a period of 2 years. The salary should be frozen at the rate the employee received immediately prior to the downgrading. During the period of saved pay, the salary should be frozen unless the regular rate to which the employee would revert exceeds the saved rate. The employee would be converted to the regular rate at the end of 2 years, or sooner, should the regular rate exceed the saved rate. This provides an incentive to the employee to obtain another job and work at the level for which he/she is paid.

Five: Projected positions must be filled by temporary promotions or reassignments until the incumbency audit indicates the projected position is properly classified. All new and projected positions must be desk audited 6 months after incumbency.

Six: Established positions must be reviewed as they become vacant, and must be recertified.

Seven: Standard position descriptions that affect positions throughout the country must be controlled in such a way as to insure that the use of standard position descriptions at the local level does not cir-

cumvent accurate classification of the duties performed by the incumbent of the position.

Recommendations 5, 6, and 7 will eliminate some of the so-called classification errors by giving the position classification specialist the license to do what should now be done if the agency has a sound position classification position management program.

Eight: A personnel management impact statement must be prepared by the personnel office before the organizations are approved by the agency head. Positions will not be classified for unapproved organizations. This will bring some order to the process of reorganizing. The position classification specialist is often the last to know of a reorganization. Yet experienced classification specialists have a wealth of knowledge that would be helpful to managers in reorganizing for economic and efficient operation of the Government. With more planning, the classification errors caused by projected jobs and "incumbency" jobs can be greatly reduced. At the same time, the impact on the individual employee can be considered and alternatives explored.

Nine: Agency heads must delegate position classification authority to persons qualified to classify positions. Delegations must not be through line management. Position classification requires the application of technical guides and standards as well as principles, concepts, and regulations. It is a knowledge occupation—one which requires considerable training and experience. Many classification errors are made by persons not qualified to classify positions.

In summary, we firmly believe that the Federal work force includes many dedicated employees, at all levels. The general public should be proud of the Federal workers, not ashamed of them. Legislation concerning pay and the level of work must give due consideration to the expectation of the taxpayer and at the same time, provide the framework for a quality Federal work force.

The Classification and Compensation Society appreciates the opportunity to express our views on the proposed legislation. If there are any questions, I will be happy to answer them.

Mrs. SPELLMAN. I thank you very much for an excellent statement. It is quite comprehensive.

I wonder if you could tell me a little bit about people who are classification specialists. What kind of training have they had?

Ms. GILLIAM. Well, ordinarily, there's no qualification requirement when they come into the Federal service. They typically come in right out of college at the grade 5 level, and they are expected to be trained on the job. Also, there is some formalized training provided by the agencies, and it includes on-site training by a senior classification specialist or supervisor.

We find that today there are very few formal training programs that meet the quality that the society would like to see. We do intend to give some of the agencies some suggestions in that area, because we believe it could be improved considerably.

Mrs. SPELLMAN. I'm just a little puzzled, because at one point you indicated that some of the problems might come about because of a lack of training or experience, and another place you indicated that classifiers could be of great help to management if they worked together. You do feel there should be additional training required?

Ms. GILLIAM. Yes; I do. But I would like to clarify that point.

First of all, at the beginning level, classifiers, some of them, are not that well trained, and in the overall occupation there are some people who are extremely knowledgeable and are very well trained; actually it depends on the individual classifier as to what you would expect from the result of their work.

Mrs. SPELLMAN. Do you support the administration's proposal as outlined by Mr. Campbell?

Ms. GILLIAM. I think it offers some very fine points, and I would like to study it a little more carefully. I'm viewing it for the first time, and it's difficult to assimilate everything, but I do think it has some points well worth considering.

Mrs. SPELLMAN. Would you feel that it would be a greater protection to the employee if he were kept at grade until another job might be worked out?

Ms. GILLIAM. I think it would be greater protection to keep the grade, but unless something is done to reinforce the positive efforts on the part of management to actually find a job and to actually assist employees in being placed, I don't believe much will happen.

You know, one of the unfortunate things in our Government operation now is the fact that reduction in force has gotten such a bad reputation that the minute an employee actually gets a reduction in force notice, it keeps him from getting offers he might otherwise get. And we would like to see something where the employee could be referred to jobs without prejudice of this nature.

And we should have cross training among departments. We should have all kinds of efforts within the framework of the current system to help place people.

Now, on the other hand, I think that the permanent grade retention might be detrimental to the employee's own incentive to get out and help himself find something and to be willing to accept training, to be willing to accept reassignments that might require commuting across town or something of that nature. I think there must be an incentive for the employee.

Mrs. SPELLMAN. You indicated, as you went through some of the ideas for this legislation, that after 2 years expired, the employee should be changed to the lower grade with full salary retention for a period of 2 years.

You are then saying that the salary would be retained for a period of 4 years?

Ms. GILLIAM. That's right.

Mrs. SPELLMAN. And then the salary should be frozen at the rate the employee received immediately prior to the downgrading. So, we are saying that there would be a 4-year freeze. The employee would be converted to the regular rate at the end of 2 years or sooner, should the regular rate exceed the saved rate? Clarify that for me.

Ms. GILLIAM. All right. If, for example, there was a pay raise in October that would put the step of the grade to which the employee would revert higher than his saved rate, then he would immediately be converted to the regular rate. And from there on in, he would get all the benefits that would accrue to that grade level and that step.

Mrs. SPELLMAN. I see.

Mr. McCluskey?

Mr. McCLUSKEY. I would just like to make a comment on the date of the legislation, not the administration's, but rather Chairman Nix's and Chairwoman Spellman's. That is not an arbitrary date, as some feel, but rather that is to coincide with the present 2-year saved pay provision.

I would make the comment to your recommendation on page 8 that the bill should coincide with May 27, 1976, the date of a major directive and Presidential memorandum, which simply reaffirmed the necessity for agencies to insure full compliance with the laws and regulations pertaining to the position classification.

It seems to me that, rather than go back to a memorandum which says, "enforce the laws as they are," that we should go back to the beginning of the laws and not the memorandum.

Are you familiar with the various State organizations that have to do with reclassification?

Ms. GILLIAM. No; I'm not, particularly in the way they retain pay.

Mr. McCLUSKEY. Are you familiar with the fact that there are various States right now that do permit employees to retain a grade and the position is simply downgraded when a new employee comes in?

Ms. GILLIAM. Yes; I'm familiar with that, and I understand that is a very common practice in the private sector as well.

Mr. McCLUSKEY. Thank you very much, Madam Chairwoman.

Mrs. SPELLMAN. Mr. Newton?

Mr. NEWTON. Thank you very much, Madam Chairwoman.

Just two quick questions, to follow up on the point of training position classification specialists.

Would your organization go so far as to say the position classification specialist should be certified?

Ms. GILLIAM. We have debated that issue, and we have not come up with a point of strong position. But our inclination is certainly that way, because, without having some kind of control over who actually classifies jobs, the real professional in the occupation suffers along with the poor reputations of other classifiers, and we believe it would be in the best interests of the Government and, certainly in terms of our own members, to have a certification process.

Mr. NEWTON. Thank you.

And one other point, on page 8, No. 4, where we were talking about the 2 years, after the 2 years expired the employee should be changed to the lower grade. What about the concept of giving the employee a reassignment right during whatever time period the grade is retained, whether it's 2 years or 4 years or 5 years, that the employee have either an administrative or a legislative reassignment right to a grade level and a position where he is doing the work for which he is paid.

The committee's position, I believe, is quite clear that the onus should not be entirely upon the employee, that the onus ought to be on management to make reassignment actions and to reassign employees to the proper grade level for which they are being paid.

Ms. GILLIAM. Well, that is an interesting thought and one that certainly would bear looking into and studying a bit further. It certainly parallels our notion that the employees should be given assistance in

finding a job. And, if I understand your point correctly, you're saying that the employee would have a right to a position when it becomes vacant, for example.

Mr. NEWTON. Yes.

Ms. GILLIAM. I think it would be an interesting concept.

Mr. NEWTON. Thank you very much. That's all I have, Madam Chairwoman.

Mrs. SPELLMAN. We thank you very much for your testimony. It has been an interesting day. The subcommittee will be meeting again tomorrow, and that is on mandatory retirement.

The subcommittee is adjourned.

[Whereupon, at 11:25 a.m., the subcommittee adjourned, subject to the call of the Chair.]

[The statements which follow were received for inclusion in the record:]

STATEMENT OF HON. CHARLES MCC. MATHIAS, JR., A SENATOR FROM THE STATE OF MARYLAND

Madam Chairman, I am pleased to be here today to testify in behalf of H.R. 6953, a bill to provide for grade retention benefits for certain employees whose positions are reduced in grade.

I have introduced similar legislation in the Senate. That bill, S. 1249, is currently pending before the Governmental Affairs Committee and will be acted upon shortly. I applaud the efforts of this committee to meet this problem head-on and deal with it in a meaningful way.

The provisions of H.R. 6953 are similar to those of bills I introduced in the 93d and 94th Congresses. By reintroducing my bill in the 95th Congress and by appearing here today to testify, early in this session and at the beginning of a new administration, I want to demonstrate my conviction that the new Congress and the administration must treat Federal employees with equity in any reorganization that may be undertaken.

Under the present system, if a Federal civil servant's position is downgraded, he may continue to receive the original grade's pay for a period of 2 years. The theory is that during that 2-year period the employee with the help of his agency could be able to find another suitable job.

In practice, however, this system has not worked. The full burden of finding another position has fallen on the civil servant with little or no help from his agency and his salary was cut at the end of the 2-year period.

The inequity of the situation is further aggravated during periods of general Government hiring freezes and periods of reductions in force. Alternative positions simply are not available.

This legislation seeks to redress this situation by placing the burden for proper job classification on management and by insuring grade and salary security to Federal employees in the career civil service.

Downgrading occurs in the Federal civil service when the management of an agency determines that the duties and responsibilities of positions are graded too high. The practice may be initiated by an agency in an effort to hold down costs, or in some cases to "ease out" employees with whom management is incapable of dealing.

The process of position classification is not a scientific one. Civil service regulations and classification standards are sometimes vague and subject to individual interpretation. Typically, a position classifier looks at the duties of the position and then at the classification standard to determine whether a position is overgraded. But, it is often difficult for the position classifier to distinguish between the position and the person occupying that position as the volume of job classification appeals attests.

Downgrading has been defended in the past by the Civil Service Commission as a part of the merit system to protect the principle of equal pay for equal work.

If the Commission is mainly concerned with upholding the merit system, a more humane way to do so, at least in some circumstances, would be to add duties to an employee's job description rather than reducing his grade.

I do not believe our Federal civil servants should be singled out to pay for an agency's poor management. A worker who is the victim of mismanagement should not be penalized by a demotion, with a consequent loss of pay and career opportunity beyond his or her control.

Lack of security with regard to job classifications has fostered bitterness and frustration among Federal employees. The most active downgrading operations appear to be taking place in the Defense Department, the largest Federal employer, and in the Department of Health, Education and Welfare, which employs 140,000 civil servants.

Morale among those dedicated career workers can be shattered as reorganizations and wholesale job classification reviews are instituted. Enactment of this bill, or similar legislation, will both protect morale and preserve the integrity of the classification and merit system.

I believe that any legislation on this issue must incorporate the principle of equitable estoppel. That principle holds that a party making representations to a second party, which are relied upon by that second party, cannot later deny making those representations. Thus, an employee who takes a position relying on the classification assigned to that position should not, in equity, have that status reduced at some later point.

A downgrading can seriously affect an employee's career status by setting him back both in rank and salary. Without full protection for the innocent employee who is performing a capable, competent job, downgrading can only weaken the merit and career ladder system of our civil service.

Several reorganizations of major Federal departments have been proposed as part of a program to streamline the Government and make it operate at peak productivity and efficiency. This is all well and good. However, we must not let able, dedicated, hard-working career civil servants become pawns in such reorganizations.

The President awhile back visited several major departments to reassure employees that they would not lose their jobs. The President's expressions of compassion, I believe, are sincere. I look forward to the administration's support of this bill and its companion legislation in the Senate to reassure those employees through law that the integrity of the merit system will be preserved.

The term "bureaucrat" has been much maligned in recent times. Those Americans working as civil servants believe in what they are doing, believe in their Government, and are performing admirably. The important thing is to preserve morale among that dedicated work force by providing grade security. For that morale is the driving force which motivates employees to work at top productivity, and which results in truly efficient Government.

Madam Chairman, I want to thank you and the other members of the committee for providing me with this opportunity to appear before you this morning and share some of my thoughts on this vital issue. Thank you.

STATEMENT OF HON. JAMES J. HOWARD, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF NEW JERSEY

Madam Chairman, members of the subcommittee, I welcome the opportunity to offer my testimony regarding the current "downgrading" procedures being practiced by the Civil Service Commission. As you well know, the escalation of downgrading practices throughout the federal government has created a number of problems which adversely affect the ability of our federal employees to efficiently perform their essential duties. It is precisely these problems which I shall address today in the hope that by illuminating the nature of these problems we can provide some relief to the federal employees who have felt the ill-effects of the downgrading program.

The problems caused by the current downgrading procedure are threefold, and were most succinctly expressed by the former Secretary of HEW, David Matthews, in a letter to James Lynn, former director of the Office of Management and Budget. Matthews wrote that "from the employees viewpoint, the potential downgradings have become a major morale factor. The employee finds that he or she is suddenly being "downgraded" through a series of events for which he or she has no responsibility. In many cases, the individual has served for a

number of years at the present grade and in the same position. Besides, the natural concern for its possible long-range salary impact, the employee looks at this action as a regressive blight on his or her career and a possible stigma in future promotion opportunities. There is also a prestige effect in the eyes of fellow employees and counterparts in the private sector in having one's grade reduced.

Moreover, aside from these residual effects of the final downgrading, it has become obvious that the policy is often unfairly implemented. For somewhere, whether in the upper echelons of the Civil Service Commission, or an agency, the decision is made that there are too many GS-15's, for example, in a particular agency. Then an audit team is sent out to the site selected to find the number of positions that can be subjected to downgrading. This seems to be the case at Fort Monmouth, New Jersey, an installation in my own congressional district.

There is also the additional problem with this procedure, aside from its capriciousness, of a predetermined conclusion being mandated for the audit teams. Thus, their audit techniques become immaterial and the resulting downgrading recommendations would be based on inadequate and incomplete audits. This hardly seems to be an equitable procedure.

The current upsurge of downgrading can be seen both as a carry-over from the Ford Administration, as well as a response from the Carter administration about excessive federal payrolls. The fact that the process, requiring extensive review of individual positions, is sufficiently complex and requires substantial gear-up time indicates that it was indeed a carry-over policy from the past administration. However, it also seems clear that the massive nature of the current downgrading would not be possible if the Commission believed that the Carter administration frowned on the policy.

The basic question remains, will the alleged economic gains and streamlined governmental structure which proponents of downgrading see as its inevitable result, truly outweigh the damage which will be done by the continued implementation of this program. To help resolve this question, I offer the experience of federal employees at Fort Monmouth, N.J., who are being directly affected by downgrading practices.

I have been informed by a large number of employees at Fort Monmouth of the many ill effects being suffered due to the implementation of a downgrading program there announced March 23. The average grade of all civil service personnel, including a number of top level Civil Service positions in the Electronics Command is to be reduced by the end of September. The downgrading is serious in itself, but in addition, Fort Monmouth is facing realignments that threaten to cause serious economic damage to the surrounding community.

I have received many complaints that as a result of downgrading at this installation, morale has declined significantly, causing both the quality and quantity of work to decrease. It is becoming increasingly apparent that the fiscal economies envisioned by the Commission as an end result may very well be outweighed by the deleterious consequences of its implementation. These downgradings are viewed by those affected as arbitrary and capricious, with the end result being alienation, insecurity and even hostility. Feelings of this nature on the part of our federal employees charged with carrying out the daily activities of our national governmental machinery can only serve to impede the efficient operation of our government. We are, I feel, sacrificing efficiency in the name of alleged economy in implementing this program. Since current downgrading procedures do indeed foster this unfortunate situation, steps must be taken to revise the procedure.

According to the current downgrading procedures, the employee continues to receive his or her pre-downgraded salary for two years and then must accept the salary level commensurate with the lower grade. The proposal which the Commission has been circulating advocates salary protection rather than grade protection. Their proposal guarantees downgraded employees against any salary cuts, and would provide for future salary increases, though their future pay would not be as high as if they were retained in their present grades. These measures still entail a large cut in long-range salary advancement, and do not in effect afford the employee sufficient protection.

Two other proposals have been advanced in order to afford federal employees protection from job downgradings. One, proposed by HEW Secretary Califano, calls for an "indefinitely saved grade" wherein the position would be downgraded for future occupants of that position but the present employee would retain his present grade indefinitely.

Another proposal, and one which I feel is most equitable, was first advocated by Secretary Matthews, who urged that legislation be enacted providing that an employee who has been classified at his or her current grade level for three years or more, and who has been identified for a downgrade be retained at his or her present grade and step level, even if the position is downgraded. When the incumbent leaves the position, it would be filled at its appropriate lower level. I believe that a similar proposal has also been advocated by our distinguished Chairman, Mr. Nix.

I definitely feel that this latter format is far more equitable and viable than the current procedure. For under the present system where the employee can be converted to a higher step in the lower grade, the downgrading more often than not provides the employee with some increase in salary, and involves increased costs to the agency in the short run. Nevertheless, even where the employee is given a salary increase for the time being, or salary retention on being downgraded, this does not make the action any more palatable to the employee.

It is clear that the current downgrading program being conducted by the Civil Service Commission is fraught with inequities. It is causing marked disruption among federal departments and agencies at all levels of service, and it desperately needs to be reviewed and restructured. It is my sincere hope that these hearings will help to shed some light on the nature of the problems caused by the current procedures, and that they will be of assistance to this subcommittee in providing some measure of relief to our aggrieved federal employees.

I thank you for the opportunity to present my views, Madam Chair, and would be happy to provide additional information about the effects of the present downgrading procedures in my own district.

NATIONAL ASSOCIATION OF AIR TRAFFIC SPECIALISTS,

Wheaton, Md., June 22, 1977.

HON. GLADYS NOON SPELLMAN,

Chairwoman, Subcommittee on Compensation and Employee Benefits, Committee on Post Office and Civil Service, Washington, D.C.

Dear Mrs. Chairwoman: The National Association of Air Traffic Specialists congratulates you, Mr. Robert N. C. Nix, and all those who participated in the preparation and submission of H.R. 6953. It is exactly the type of legislation needed to restore federal government employee's faith in the system they serve so faithfully and to improve the sagging morale of those employees so severely affected by past downgrading actions and threatened by proposals for more of the same.

The National Association of Air Traffic Specialists wishes to be placed on record as being in support of the provisions of H.R. 6953.

It is a matter of record that federal employees, as bargaining unit members of the NAATS and other labor unions, are now more fully apprised of their legal rights than ever before; it is also becoming more and more evident that federal employees will routinely take advantage of all appeal rights and the provisions of law for saved pay in downgrade actions. The provisions of H.R. 6953 recognize these facts and directly address the question in a manner which should provide not only relief for the federal employees involved in downgrade action, but also relief to the government itself in the form of reduced costs.

The only change which we would recommend would be in the working of subsection (d), which excludes from the provisions of subsections (a), (b) and (c) positions which have been classified at the higher grade for less than one year immediately before such reduction. The NAATS respectfully recommends that subsection (d) be deleted from the language of H.R. 6953. While the proposed deletion may, at first glance, appear to impose a hardship on management in the consideration of grade classification it would in fact provide the opposite effect. A requirement to be more fully responsive to both the initial and the after effects of any proposed grade change should provide needed incentive for more responsible management action in the area of grade structure. The summary of H.R. 6953 recognizes that poor management and personnel practices in the federal government are a direct cause of the conditions which resulted in the preparation and submission of this legislation.

Respectfully submitted.

LAWRENCE C. CUSHING,
*President, National Association
of Air Traffic Specialists.*

STATEMENT OF WILLIAM R. CATER, NATIONAL PRESIDENT, NATIONAL ASSOCIATION
OF SUPERVISORS

Madam Chairman, members of the subcommittee, my name is William R. Cater, National President of National Association of Supervisors, Federal Government. I am an employee of the Federal Government employed by the Air Force as a Manager at Tinker Air Force Base, Oklahoma.

Mrs. Spellman, we appreciate this opportunity to present the views of the National Association of Supervisors, Federal Government relative to legislation to provide grade retention benefits for certain employees whose positions are reduced in grade.

The National Association of Supervisors, Federal Government is a management organization of approximately 12,500 members—Supervisors/Managers in 15 departments and agencies in the Federal Government.

Our membership is about evenly divided between Class Act and Wage Board supervisors. We have members who are first-level supervisors and we have members who are high-level managers in the super-grades.

Madam Chairman, we thank you and Chairman Robert Nix for introducing this proposed legislation—H.R. 6953; and we most certainly commend you and the other subcommittee members for holding these public hearings. We trust you will be able to move right ahead with this legislation. It is very much needed.

Meeting in our National Convention this past February the Association delegates voted unanimously, and may I say, vigorously for quick action on Saved-Grade legislation. The need for an equitable and fair manner to treat the current personnel management game—called "Grade Roll Back"—is most disturbing to our members.

Two years ago the Association membership began to detect a drive throughout the departments and agencies to push pay grades downward. We were unable to locate actual specific written orders, even though President Ford did issue a directive calling for a more effective monitorship of job classifications. But, our members did start experiencing realistic cases of downgrading.

Mrs. Spellman, here are some cases, and we have many more in our files, that have occurred in the past several months.

The Navy's Pacific Missile Range, Pt. Mugu, Calif. had over 300 top-level positions downgraded supposedly due to classification errors by Personnel Specialists. We certainly appreciated your sending out a top staff man to review the drastic and negative impact of those downgradings.

The Army's White Sands Missile Range—New Mexico had 60 technicians downgraded and another 50 high-level class act managers reduced from one to three grades due to new job standards.

Warehousemen and Material and Equipment Inspectors, over 200, in the Air Force have been cut from one to two grades due to new standards and/or to revised concepts of job content.

The Marine Corps Air Rework Facility, Cherry Point, N.C. and Navy's Shipyard, Long Beach, Calif. have been told by Civil Service Regional offices to revise downward many of their top supervisory positions even though the Headquarters of the Civil Service Commission approved the grades of those positions less than two years ago.

Over 2,000 machinists in Air Force Logistic Centers were reduced a pay grade due to revised CSC standards.

Here in the District of Columbia over 75 elevator mechanics and their Supervisors working for General Services Administration were cut from one to three grades—Why? The Civil Service Commission has issued new standards.

The Treasury Department's several mints, especially Denver and Philadelphia, have reduced some 20 percent of their supervisors due to new CSC standards.

Madam Chairman, as I previously stated, we can go on and on revealing the misunderstandings, financial sacrifices and depressed employee morale from personnel actions questioned by all levels of employees and supervisors.

Indicative of this so called "Grade Roll Back" are these interesting figures given to me a few days ago by officials in the Civil Service Commission. In 1972 Commission technicians found 2 percent of the jobs surveyed were over-graded. Last year, 1976, these technicians found 12 percent of the jobs surveyed were over-graded. These figures, themselves, tell an interesting story.

Madam Chairman, you can easily see why this organization of Managers is vitally interested in saved-grade legislation.

We applaud the fact that H.R. 6953 covers both blue-collar and white-collar personnel.

Likewise, we applaud the proposal in your bill, H.R. 6953, to go back to July 1, 1975 to correct downgrading. As I indicated earlier, much damage was done back in 1975 and 1976.

Mrs. Spellman, we consider the Saved-Grade legislation as the proper and fair manner to correct these basic problems namely: (a) Original classifications errors; (b) Changes due to revisions in job standards; or (c) Erosion of duties thru no fault of the employee.

Our interpretation of H.R. 6953 is not clear as to protection for innocent career civil service employee buffeted about the Government Scene every four years by reorganizations. Their workloads and responsibilities may not change but titles and organizational patterns certainly do.

Mrs. Spellman, these people also need saved grade assistance.

We do feel also that it is most important to recognize fully the differences between Reductions-in-Force and Saved-Grade. It would obviously be chaotic to have a supervisor reduced from his supervisory status and still keep the grade and title. For reasons such as this, we urge a careful legislative history to avoid any misunderstandings in the future.

Madam Chairman, again we thank you and your subcommittee members for bringing to the forefront this much-needed legislation.

STATEMENT OF ROBERT C. LUNSFORD III

Madam Chairwoman and members of the subcommittee, I greatly appreciate the opportunity to appear today to present my views with respect to HR 6633 and HR 6953. I appear as a private citizen with over 20 years of direct experience and interest in Federal Civil Service position classification. I am not representing my employer, the United States Information Agency.

Although I am about to retire, I have strong feelings about the direction that should be taken in handling position classification in the Federal Government.

The fact that there is substantial overclassification in the Federal Government is borne out in Civil Service Commission reviews of Agencies and Departments and by the Report to the Congress by the Comptroller General of December 4, 1975 titled "Classification of Federal White-Collar Jobs Should Be Better Controlled."

The bills before you today attempt to reduce the impact on individual employees whose positions are reclassified to lower grades for whatever reason other than by reason of a demotion for personal cause. There is a great need for some provision to prevent decreasing the financial position of employees who are downgraded through no fault of their own. Present pay-saving provisions for two years appear to be inadequate in safeguarding against eventual financial loss to many individual employees and no safeguard at all to a great number of employees who have been in grade less than 2 years.

On the surface HR 6633 and HR 6953 are very attractive proposals. However, I foresee many more employee relations and classification problems caused by employees performing the same duties at different grades. It is very likely that under such a system supervisors will be supervising employees in positions at higher grades than the supervisor position. Positions are the keystone to organizations. To the extent possible all positions should be correctly classified and the records should reflect these classifications.

The psychological and financial impact on individuals are the main concerns of employees and their representatives. The financial loss or potential loss of buying power is by far the main concern of employees. The Congress and the President face multiple problems with grade reductions. Numerous powerful unions will wage a major campaign against the downgradings which must be accomplished in order to restore the classification system to equilibrium. Employees publications and individual workers will object to the first announcement of a major reduction in grades. And there is the basic question of justice and fairness to those employees who have in no way contributed to the overgrading of their jobs.

In place of the proposed bill I suggest consideration of a plan that was utilized by the Civil Service Commission when President Johnson ordered the creation of the Coordinated Federal Wage system. At that time each Agency had its own Wage Board and grading system for blue collar positions. When they were pulled into the Coordinated Federal Wage system and new rates were published, employees who were receiving rates higher than the new rates continued to save their pay and in addition received one half of the increase for their new rate indefinitely until such rate caught up with their saved rate.

Employees adjust their standard of living very quickly. Obligations are often made based on their new rates of pay that ordinarily would not be made. For this reason I believe the 2 years in grade before receiving saved provisions is too long. In fact I suggest 90 or 120 days in grade is sufficient to allow for pay savings. Therefore, I seriously ask the Committee to consider position classification and employee grade and status as separate issues. By providing for saved pay plus one half of any Congressional or Executive action on pay increases for the General Schedule, I believe the necessary employee safeguards will be met.

There are three problem areas that must be dealt with in order to bring the classification and pay systems of the Federal Government under control. You are dealing with one of those problems here today. You are dealing with employee, and union pressures to prevent downgradings or at least to counteract the impact of downgradings. This legislation does not deal with the root causes of grade escalation and high costs of the Federal payroll. Management pressures for upgradings and the lack of accountability of Federal managers are problems the President must deal with, otherwise any legislation saving pay or grades will end up costing more in the long run.

Thank you for allowing me to express my views on this legislation.

95TH CONGRESS
1ST SESSION

H. R. 6953

IN THE HOUSE OF REPRESENTATIVES

MAY 5, 1977

Mr. NIX (for himself and Mrs. SPELLMAN) introduced the following bill; which was referred to the Committee on Post Office and Civil Service

A BILL

To amend title 5, United States Code, to provide for grade retention benefits from certain employees whose positions are reduced in grade, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That (a) subchapter VI of chapter 53 of title 5, United
4 States Code, is amended by adding at the end of such sub-
5 chapter the following new section:

6 **“§ 5366. Rights of employee on grade reduction**

7 “(a) Under regulations prescribed by the Civil Service
8 Commission, an employee whose position is reduced in grade
9 is entitled to have the grade of such position be treated
10 as if such reduction had not occurred so long as such

1 employee continues in such position within the agency with-
 2 out a break in service of one workday or more.

3 “(b) Under regulations prescribed by the Commission,
 4 any employee who—

5 “(1) during the period beginning on July 1, 1975,
 6 and ending on the day before the effective date of this
 7 section, was holding any position when such position
 8 was reduced in grade; and

9 “(2) after the date of such reduction in grade and
 10 before the effective date of this section, changed to any
 11 other position (other than by reason of a demotion for
 12 personal cause);

13 is entitled to have the grade of the position referred to in
 14 paragraph (1) of this subsection before reduction be con-
 15 sidered to be the grade of the position which he holds on the
 16 effective date of this section so long as such employee con-
 17 tinues in such position without a break in service of one
 18 workday or more.

19 “(c) For the purpose of this section, ‘employee’ means
 20 an employee, as defined by section 5102 of this title, or a
 21 prevailing rate employee, as defined by section 5342 (a) (2)
 22 of this title, who holds a career or a career-conditional ap-
 23 pointment in the competitive service or an appointment of
 24 equivalent tenure in the excepted service.

25 “(d) The provisions of subsections (a) and (b) of this

1 section shall not apply with respect to any reduction in the
2 grade of a position which had not been classified at the higher
3 grade for a continuous period of at least one year immediately
4 before such reduction.”.

5 (b) The table of sections of subchapter VI of chapter
6 53 of title 5, United States Code, is amended by inserting im-
7 mediately after the item relating to section 5365 the follow-
8 ing new item:

“5366. Rights of employee on grade reduction.”.

9 SEC. 2. (a) The amendments made by the first section
10 of this Act shall take effect—

11 (1) on October 1, 1977, or

12 (2) on the date of the enactment of this Act,
13 whichever date is later.

14 (b) Such amendments shall only apply in the case of a
15 reduction in the grade of a position which occurs after June
16 30, 1975.

95TH CONGRESS
1ST SESSION

H. R. 5330

IN THE HOUSE OF REPRESENTATIVES

MARCH 22, 1977

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

A BILL

To amend title 5, United States Code, to provide for grade retention benefits for certain employees whose positions are reduced in grade, and for other purposes.

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

3 That (a) subchapter VI of chapter 53 of title 5, United
4 States Code, is amended by adding at the end of such sub-
5 chapter the following new section:

6 **“§ 5366. Retained grade of employee on grade reduction**
7 **of his position**

8 “Under regulations prescribed by the Civil Service
9 Commission, an employee as defined by section 5102 of this
10 title, or a prevailing rate employee as defined by section

1 5342 (a) (2) of this title, who holds a career or a career-
 2 conditional appointment in the competitive service or an
 3 appointment of equivalent tenure in the excepted service
 4 and whose position is reduced in grade, shall retain the grade
 5 which he held immediately before the reduction in grade
 6 of such position so long as he—

7 “(1) continues in the same agency, including an
 8 agency to which he is transferred in a transfer of func-
 9 tion, without a break in service of 1 workday or more;

10 “(2) is not reassigned or promoted; and

11 “(3) is not demoted (A) for personal cause, (B)
 12 at his request, or (C) in a reduction in force.

13 The provisions of this section shall apply only to a position
 14 that has been classified at the grade from which the position
 15 was reduced for a continuous period of at least 3 years
 16 immediately prior to the reduction of such position to a
 17 lower grade.”

18 (b) The table of sections of subchapter VI of chapter
 19 53 of title 5, United States Code, at the beginning of such
 20 chapter 53, is amended by adding, immediately below the
 21 item relating to section 5365 thereof, the following new item:

“5366. Retained grade of employee on grade reduction of his position.”

NATIONAL TREASURY EMPLOYEES UNION,
 Washington, D.C., July 11, 1977.

HON. GLADYS NOON SPELLMAN,
 Chairwoman, Subcommittee on Retirement and Employee Benefits, Rayburn
 House Office Building, Washington, D.C.

DEAR CHAIRWOMAN SPELLMAN: Once again I would like to express my apprecia-
 tion for the opportunity of testifying before your Subcommittee on H.R. 6953.

During my testimony I was requested to provide additional information regarding the cost of downgrading appeals and specific examples where saved grade provisions were being applied to employees of state and local governments.

With regard to the latter, I am still researching the issue and will provide it to the Subcommittee as soon as it's available. However, I have completed the cost analysis for processing a downgrading appeal.

Downgrading appeals may be processed either as adverse actions or as Reductions in Force, depending upon whether they have resulted from changes in classifications or job-grading determinations, or as a result of reorganizations. The experience of NTEU relates to the adverse action appeal; therefore, the cost analysis is based upon this type of appeal.

The adverse action appeal procedure pursuant to Chapter 752 of the Federal Personnel Manual provides for an opportunity to respond orally and/or in writing to the notice of proposed adverse action. After the reply, if it is decided that the downgrading is warranted, then the employee may appeal to the Civil Service Commission, at which time the employee is afforded the opportunity to present and cross-examine witnesses as well as a verbatim transcript of the proceeding.

The cost of processing the appeal on behalf of the employee is as follows:

Oral and/or written reply:

Attorney ¹ :	
1 day preparation-----	\$250
1 day written reply-----	250
1 day oral reply-----	250
Travel:	
Air fare ² -----	225
Per diem (2 days at \$40/day)-----	80
Total expense for oral and written reply-----	<u>1,015</u>

Civil Service Commission hearing:

Attorney:	
2 days preparation-----	500
1 day hearing-----	250
Post-hearing brief-----	750
Travel:	
Air fare-----	225
Per diem-----	120
Total expense for hearing-----	<u>1,845</u>

Total expense for appeal before the Federal Employees Appeals Authority (FEAA)----- 2,860

¹ Attorney time is computed at the prevailing rate of \$50 per hour and 5 billable hours per day.

² Air fare averages approximately \$225 per round-trip.

If it is the decision of the FEAA to sustain the downgrading, NTEU would have the option to request review by the Appeals Review Board. Such an appeal would entail review of the transcript and a brief. This would take about three days of attorney time and cost approximately \$750.00. Thus, the total appeal process could cost \$3,610.00.

In addition to these expenses the Government would have the burden of providing a verbatim transcript to the employee, the Hearing Examiner and the Agency. The transcript costs approximately \$2.00 per page and could total an average of approximately \$1,000.

Further evidence of the cost of processing such appeals is found in the report of the Subcommittee on Investigations. Chairman Robert N.C. Nix reports that it cost \$500.00 to process an appeal by the Federal Employees Appeals Authority plus the cost of Agency and employee time and preparation expense. According to the Subcommittee, the total cost could be many millions of dollars per year.

I hope that this additional information is helpful to the Subcommittee. If I can be of any further assistance, please advise.

Sincerely yours,

MICHAEL E. GOLDMAN,
Director of Legislation.

STATEMENT OF THE AMERICAN LIBRARY ASSOCIATION

This statement in support of H.R. 6953, the Nix-Spellman bill to provide for grade retention benefits for certain federal employees, is submitted on behalf of the American Library Association, a nonprofit educational organization of some 35,000 librarians, educators, trustees and others dedicated to the improvement of library and information service for all the people. We request that it be included in the hearing record on H.R. 6953.

We support the Nix-Spellman bill (H.R. 6953) and urge that the measure be enacted without delay. This bill provides for grade and salary retention for positions that are to be downgraded as long as the incumbent employees continue to hold such positions. The grade retention benefits apply to employees in positions that have been downgraded since July 1, 1975, as well as to those downgraded in the future. Restoration of grade is to be prospective from date of enactment.

The employees we are particularly concerned about are those who administer the federal library programs for the U.S. Office of Education. Since USOE employees fall within the downgrading moratorium announced last May by the Chairman of the Civil Service Commission and the Secretary of HEW, it might be asked why the Nix-Spellman bill is necessary for these employees. As we understand the moratorium, the HEW Secretary is authorized to delay through December 31, 1979, classification-related demotion actions for employees in positions GS-15 and below. It would help employees who are slated for future demotions but not those whose demotions have already been effected.

Federal employees whose jobs have been marked for future downgrading will have their downgradings staved off, until the end of 1979, if the Secretary fully utilizes the moratorium authority he has been granted by the Civil Service Commission. This is of some comfort to the employees involved, but still hanging over their heads is the specter of demotion a couple of years down the pike. A moratorium is better than instant downgrading, but the Nix-Spellman bill is better still, for its grade and salary retention provisions would eliminate the uncertainty and low morale bound to result from employees' realization that their jobs are to be downgraded when the moratorium is over.

In short, the effect of the moratorium-authorized delay is temporary only, and it is somewhat capricious—of help to those slated for demotions not yet completed, but of no help whatever to those whose demotions were carried out with more efficiency and dispatch before the moratorium was announced. The Nix-Spellman bill, on the other hand, would treat employees recently downgraded on a more equitable basis over the long run. We believe it represents the better approach.

Of the employees who administer the federal library program in USOE, some fall into the category of those whose downgradings have already been completed. These are persons who serve as regional library program officers in the HEW federal regions. For them, the delay in classification-related demotion actions authorized on May 31 is too late. It is of no help whatever. They need the Nix-Spellman bill most urgently.

Others who administer library programs within USOE have not yet been downgraded but desk audits have been completed and a number of them are now ticketed for eventual demotion. From what we have been able to piece together, it appears that the staff of USOE's Office of Libraries and Learning Resources has not been treated fairly in the downgrading process. For example, there appears to be evidence of sex discrimination in the proposed downgrading of staff administering Title IV-B of the Elementary and Secondary Education Act, while the staff administering the counterpart ESEA Title IV-C have apparently been untouched. Moreover, the Title IV-B program (even without the proposed downgrading) is seriously understaffed, with only about one third as many employees as are on the Title IV-C staff.

As you know, during the Nixon-Ford years, federal library programs were repeatedly slated for extinction by the Administration, and even though Congress voted each year to fund the library programs, the Administration made every effort to impound library appropriations and to reduce the number of USOE employees administering these programs.

Congress mandated the Office of Libraries and Learning Resources within USOE as part of the 1974 Education Amendments (Public Law 93-380), to try to prevent further erosion of library program staff. But despite this law, the erosion is continuing. We believe the downgrading within USOE is being done arbitrarily, and that the Office of Libraries and Learning Resources, because of

the disfavor with which it was viewed in the Nixon-Ford Administrations, may well be bearing considerably more than its share of the downgrading burden. For even though we now have a completely new Administration, plans that were initiated in the previous one seem to grind relentlessly forward.

While the moratorium will protect many HEW employees for at least a time, we believe the Nix-Spellman bill is a far better approach that will treat employees more fairly. Particularly, it will help those employees, such as the regional library program officers, whose downgradings were already in effect when the moratorium took effect. Last February, President Carter spoke the following words to HEW employees when he visited their place of work: "I really hate to see people who have been promoted or placed in a position in good faith, demoted or moved, with damage to their lives and to their careers and to their families." We agree with the President's statement. We believe that enactment of H.R. 6953 is needed to help prevent the very damage the President spoke of.

Finally, we would like to emphasize that the federal library programs administered by USOE's Office of Libraries and Learning Resources touch directly or indirectly the lives of millions of Americans who use their libraries for scholarship or research, to learn, to enjoy themselves, to acquire new skills, or to find self-fulfillment. Local public libraries, regional library systems, and state libraries provide many services to those who need information. So do elementary and secondary school libraries, college, research, and specialized libraries.

Those who administer the federal library programs must be skilled and thoughtful persons. They must know how to work effectively with local and state officials. They must be responsive to the individual needs of the many Americans with whom they come into contact and the millions more their programs reach. They must have vision and imagination. We hope that the legislative history of the Nix-Spellman bill will make clear that one purpose of the bill is to eliminate the effects of downgradings which are perceived as capricious and arbitrary in order to help attract to future federal employment highly qualified persons with a commitment to better service for all Americans. To improve library service, and indeed all other services in which the federal government has a stake, we need dedicated and imaginative civil servants who are willing to persevere against great odds. When civil servants are forced to spend their energies protesting and appealing arbitrary downwardings, all Americans are the losers.

For all these reasons, we support H.R. 6953 and urge its prompt enactment. We appreciate this opportunity to present the views of the American Library Association.



the situation with which it was faced in the Nixon-Tenet Administration, may well be better understood if we know the state of the Department's budgetary situation at the time it was made. The Department's budget for the fiscal year 1970 was \$1.2 billion, and it was the only one of the major departments which had a budget deficit.

At the time the Department was made, the Nixon-Tenet Administration was in the process of reorganizing the Department. The Department was divided into three main divisions: the Division of International Security, the Division of International Operations, and the Division of International Affairs. The Division of International Security was the largest and most important division, and it was the only one which had a budget deficit. The Division of International Operations was the second largest division, and it was the only one which had a budget surplus. The Division of International Affairs was the smallest division, and it was the only one which had a budget deficit.

The Department's budget for the fiscal year 1970 was \$1.2 billion, and it was the only one of the major departments which had a budget deficit. The Department's budget for the fiscal year 1971 was \$1.3 billion, and it was the only one of the major departments which had a budget deficit. The Department's budget for the fiscal year 1972 was \$1.4 billion, and it was the only one of the major departments which had a budget deficit. The Department's budget for the fiscal year 1973 was \$1.5 billion, and it was the only one of the major departments which had a budget deficit.

The Department's budget for the fiscal year 1974 was \$1.6 billion, and it was the only one of the major departments which had a budget deficit. The Department's budget for the fiscal year 1975 was \$1.7 billion, and it was the only one of the major departments which had a budget deficit. The Department's budget for the fiscal year 1976 was \$1.8 billion, and it was the only one of the major departments which had a budget deficit. The Department's budget for the fiscal year 1977 was \$1.9 billion, and it was the only one of the major departments which had a budget deficit.

The Department's budget for the fiscal year 1978 was \$2.0 billion, and it was the only one of the major departments which had a budget deficit. The Department's budget for the fiscal year 1979 was \$2.1 billion, and it was the only one of the major departments which had a budget deficit. The Department's budget for the fiscal year 1980 was \$2.2 billion, and it was the only one of the major departments which had a budget deficit. The Department's budget for the fiscal year 1981 was \$2.3 billion, and it was the only one of the major departments which had a budget deficit.

The Department's budget for the fiscal year 1982 was \$2.4 billion, and it was the only one of the major departments which had a budget deficit. The Department's budget for the fiscal year 1983 was \$2.5 billion, and it was the only one of the major departments which had a budget deficit. The Department's budget for the fiscal year 1984 was \$2.6 billion, and it was the only one of the major departments which had a budget deficit. The Department's budget for the fiscal year 1985 was \$2.7 billion, and it was the only one of the major departments which had a budget deficit.

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