

69TH CONGRESS } HOUSE OF REPRESENTATIVES } REPORT
 1st Session } } No. 1278

TO AMEND THE ACT RELATIVE TO THE RETIREMENT OF PUBLIC-SCHOOL TEACHERS

MAY 21, 1926.—Committed to the Committee of the Whole House on the state
 of the Union and ordered to be printed

Mr. ZIHLMAN, from the Committee on the District of Columbia,
 submitted the following

REPORT

[To accompany H. R. 12266]

The Committee on the District of Columbia, to whom was referred H. R. 12266, having considered the same, report it back to the House and recommended that the bill do pass.

Hearings on this bill have been held at which were present representatives of the teachers, the citizens, and of the office of the Commissioners of the District of Columbia. All parties concerned are in hearty agreement with the provisions of the bill.

The purpose of the bill is to make for the educational employees of the District of Columbia a more adequate retirement provision. This purpose is accomplished by amendments carried in the proposed bill for an increase in the maximum amount upon which the teacher makes her contribution and likewise an increase in the amount contributed by the Government as its part of the teacher's annuity.

The chief changes in the existing law provided by this legislation are shown in the following outline statement:

COMPARATIVE STATEMENT OF PRESENT LAW AND PROPOSED AMENDMENTS TO THE ACT FOR THE RETIREMENT OF PUBLIC SCHOOL TEACHERS CARRIED IN HOUSE BILL 12266, FINAL REVISION

Present law provides—

Proposed amendments provide—

FOR DEDUCTIONS

FOR DEDUCTIONS

Four per cent to 8 per cent deductions taken on basic salaries up to \$1,500.

In accordance with tables to be proposed on salaries up to \$2,000. Contemplated scale somewhat lower than the present scale.

RETIREMENT OF PUBLIC-SCHOOL TEACHERS

FOR ANNUITIES

One per cent of average basic salary since appointment of those appointed since 1906 (1 per cent of average basic salary since 1906 of those in the service in 1906) multiplied by the number of years of teaching. Maximum average salary allowed for computation, \$1,500.

Plus \$10 contributed by the Government multiplied by the number of years of teaching.

FOR ANNUITIES

One per cent of average real salary received during the 10 years immediately preceding retirement multiplied by the number of years of teaching. Maximum average salary allowed for computation, \$2,000. Allowance for service prior to 1926 to be limited to 40 years.

Plus \$15 contributed by the Government multiplied by the number of years of teaching not exceeding 40.

MINIMUM ANNUITIES

Minimum pension for age, \$480.
Minimum pension for disability, \$420.

MINIMUM ANNUITIES

One per cent of annual salary for last 10 years of service plus \$15 per year for each year of service, but at least 20 years of service to be allowed if teacher has served less than 20 years.

The following report, submitted by the auditor of the District of Columbia, sets forth in detail the original proposals for changes in the existing law and the changes finally approved and submitted as the result of conferences with the teachers and with the Bureau of the Budget.

OFFICE OF THE AUDITOR OF THE DISTRICT OF COLUMBIA,
Washington, May 15, 1926.

To the COMMISSIONERS:

The following report is submitted on H. R. 10051 and S. 3362, each entitled "A bill to amend the act entitled 'An act for the retirement of public-school teachers in the District of Columbia,' approved January 15, 1920, and for other purposes." The two bills are identical, and this report therefore is applicable equally to each.

The purpose of the bill, as indicated by its title, is to amend the present teachers' retirement law and to provide more generous annuities to retired teachers, the increase in the annuities being met partly by a larger contribution by the teacher and partly by a larger contribution by the District of Columbia.

A number of conferences have been held by the auditor with members of the Board of Education, the superintendent of public schools, representatives of the teachers, and Mr. Herbert D. Brown, chief of the United States Bureau of Efficiency concerning the several amendments recommended in this report. There is complete agreement on the part of these several persons in the amendments as now submitted. The Director of the Bureau of the Budget, however, has informed the commissioners that the Government (District's) contribution of \$18 per year for each year of teaching service, but not exceeding 30 years, must be reduced to \$15 per year for not exceeding 30 years, so as not to be in conflict with the financial program of the President.

The principal features covered by the amendments are considered in the following order:

1. FIRST PART OF THE ANNUITY

Under the present law, a teacher is entitled to 1 per cent of his average annual basic salary received by him during his whole term of service. The maximum amount that may be paid under the first part of the annuity is \$15 per year.

The amendment as carried in the two congressional bills proposes to allow the teacher as the first part of the annuity 1 per cent of his average annual salary received during the 10 years immediately preceding retirement for his whole term of service. Changing the basis upon which the computation of the first part of the annuity is made from the basic salary to the annual salary, and making the computation on the annual salary received during the 10 years immediately preceding retirement operates to the advantage of the teacher in permitting the payment of a larger annuity than under present law. The maximum amount of the first part of the annuity as proposed by the amendment is \$20 per year.

The auditor recommends the approval of the amendment as carried in the two congressional bills, subject to the limitation that for teaching service prior to July 1, 1926, no teacher shall be entitled to a greater service credit than 40 years. As the larger part of this prior teaching service is a cost payable wholly by the District, it is believed the limitation proposed by the auditor is both reasonable and proper, and, moreover, the limitation has been agreed to by all the parties in interest.

Under the present law, longevity pay, session room allowances, and the increase of compensation (bonus) heretofore paid to teachers is excluded in computing the first part of the teacher's annuity. Under the two congressional bills the amounts paid to the teachers for these several purposes is included in the total sum upon which the first part of the teacher's annuity is computed, subject to the maximum salary limitation of \$2,000 referred to later. The auditor recommends the approval of this amendment as it appears in those two bills.

2. MAXIMUM SALARY FOR PURPOSES OF DEDUCTIONS AND BENEFITS

Under the present law the contribution of the teacher can not be computed on a salary exceeding \$1,500. Under the amendment as carried in the two congressional bills the maximum salary is raised to \$2,000, and the auditor recommends the approval of the amendment in this form. Raising the maximum salary operates to liberalize the first part of the teacher's annuity but wholly at the expense of the teacher.

3. MEDICAL EXAMINATION FOR DISABILITY

Under the present law the Board of Education has exclusive power and is not subject as a matter of law to any check in directing the retirement of school teachers for disability. Under the two congressional bills it is provided that no teacher shall be retired by the Board of Education until examined under the direction of the medical officer of the District of Columbia in charge of medical and sanitary inspection of the public schools. The auditor believes it is entirely proper there should be some check on the right of the Board of Education to retire a teacher for disability. Therefore he proposes that the amendment in this respect shall provide for an examination under the direction of the health officer of the District of Columbia, and as a result of such examination, in his judgment, or in the judgment of two-thirds of the members of the Board of Education, there shall be a finding that the teacher is physically or mentally incapacitated for efficient service before the Board of Education can direct retirement on the ground of disability.

4. GOVERNMENT CONTRIBUTION

Under the present law the District of Columbia contributes to the teacher as the second part of his annuity the sum of \$10 for each year of his teaching service for his whole term of service. The two congressional bills propose a contribution by the District of \$20 for each year of teaching service for not exceeding 30 years. The auditor's recommendation was that the District's contribution be at the rate of \$18 for each year of teaching service for not exceeding 30 years. The Director of the Bureau of the Budget, however, has informed the commissioners, under date of May 14, 1926, as follows:

"Under the present law, contribution to an annuity from District revenues is \$10 for each year of service without limit as to number of years of service. Under H. R. 10051 and S. 3362, the contribution is increased to \$20, with a limit of 30 years of service. Under the auditor's proposed substitute bill the contribution is made \$18, with a service limit of 30 years. I am authorized by the President to say that the proposed substitute bill will not be in conflict with his financial program if this contribution is made \$15."

5. MINIMUM ANNUITY

Under the present law the minimum annuity for retirement for superannuation is \$480 a year and for disability \$420 a year. The two congressional bills propose a flat sum of \$600 a year as the minimum annuity for retirement on either ground. The auditor recommended that the minimum annuity shall be computed on the basis of 1 per cent of the average annual salary received by the teacher during the 10 years immediately preceding retirement for his whole term of service plus a

contribution by the District of Columbia of \$16 per year for 20 years for service less than 20 years. Under the direction contained in the letter of the Director of the Bureau of the Budget referred to the contribution must be reduced to \$15 per year.

6. APPROPRIATIONS

Under the present law and the existing practice of appropriating moneys to the teachers' retirement fund, Congress appropriates only such amount as may be necessary each year to pay annuities to teachers on the retired roll. In the fiscal year 1926 the appropriation for this purpose was \$61,000; and the District appropriation act for the fiscal year 1927 carries an appropriation of \$70,000. No change is proposed in this method of making appropriations by the provisions of the two congressional bills. The recommendation of the auditor, however, is that there shall be appropriations made each year by Congress to the teachers' retirement fund that will liquidate in a given time the District's accrued liability, fixed as of June 30, 1925, plus an additional appropriation each year to take care of the District's normal contribution. If the teachers' retirement fund is to be placed on a sound financial basis, the amendment proposed by the auditor should be enacted into law.

No actuarial valuation has yet been made of the operation of the teachers' retirement law from March 15, 1920, to the present time, although data to accomplish this purpose has been obtained from the records of the auditor's office and of the Board of Education by representatives of the Bureau of Efficiency, and the chief of that bureau, Mr. Herbert D. Brown, has kindly agreed to make such valuation when the opportunity presents itself.

Actuarial computations, however, have been made of the cost of the teachers' retirement law under the amendments proposed by the two congressional bills and modifications of those amendments and additional amendments recommended by the auditor, as well as under the reduced rate of contribution by the District from \$18 per year to \$15 per year.

Considering, first, the amendments as contained in the two congressional bills, the actuaries report that an appropriation representing 4.08 per cent of the annual pay roll should be made each year over a period of approximately 30 years to liquidate the accrued liability of the District, computed as of June 30, 1925. Based on the present pay roll this would call for an initial annual appropriation of \$230,540. To take care of the District's normal contribution calls for an additional appropriation of 2.16 per cent of the annual pay roll, or an initial appropriation, based on the amount of the present pay roll, of \$122,051. Therefore, for the first year the total appropriation required under the amendment proposed by the auditor, based upon the provisions of the two congressional bills, would be \$352,591. The amount of the appropriation to be made each year after the first year would depend upon an annual actuarial determination.

Under the changes in the two congressional bills recommended by the auditor, the actuaries report that 4.05 per cent of the pay roll should be appropriated during a period of approximately 30 years to liquidate the accrued liability as of June 30, 1925, and the initial appropriation for this purpose, based on the amount of the present pay roll, would be \$228,845. To provide for the normal contribution of the District to the teachers' retirement fund calls for an appropriation of 1.94 per cent of the annual pay roll, and the initial appropriation, based on the amount of the present pay roll, would be \$109,620. The total initial appropriation for both purposes under the changes recommended by the auditor amounts to \$338,465.

Under the change required to be made as set forth in the letter of the Director of the Bureau of the Budget, reducing the District's contribution to \$15 per year for not exceeding 30 years, 3.48 per cent of the pay roll should be appropriated during a period of approximately 30 years to liquidate the accrued liability as of June 30, 1925, and the initial appropriation for this purpose, based on the amount of the present pay roll, would be \$196,637; and to provide for the District's normal contribution, 1.65 per cent of the annual pay roll is required, and the initial appropriation, based on the amount of the present pay roll, would be \$93,233; or a total initial appropriation for both purposes of \$289,870.

7. OUTSIDE TEACHING SERVICE

Under the present law a teacher appointed to the public schools of the District of Columbia may receive credit for teaching service in schools outside the District of Columbia for annuity purposes for not exceeding 10 years without cost to the teacher. Under the congressional bills it is proposed that the teacher may elect

to receive credit for teaching service outside the public schools of the District of Columbia for not exceeding 10 years, provided the teacher shall deposit to the credit of the teachers' retirement fund a sum equal to the contributions that would have been required of the teacher if such service had been rendered in the public schools of the District of Columbia, with interest at 4 per cent per annum, compounded annually. Should the teacher elect not to purchase outside teaching service he would not be entitled to credit for such service in the computation of his annuity at the time of his retirement. The auditor recommends the approval of this amendment.

8. REINSTATEMENT OF TEACHER

Under the present law a teacher who has been separated from the public schools of the District of Columbia is not required upon reinstatement to re-deposit the contributions withdrawn by him from the retirement fund at the time of his separation but is nevertheless entitled to credit for all previous teaching service in the computation of his annuity. Under the congressional bills it is required that the teacher shall upon reinstatement re-deposit the contributions withdrawn by him from the retirement fund on his separation, failing which he shall not be entitled to credit for his previous teaching service in the computation of his annuity. The auditor recommends the approval of this amendment, with the additional provision added thereto that no credit for previous service shall be given in any case of reinstatement where the teacher has been separated from teaching service in any public-school system for more than five years.

9. OPTIONAL BENEFITS

Optional benefits are not provided for under the present law nor under the two congressional bills. The auditor recommends the approval of an amendment for optional benefits under which, in the case of the death of an annuitant, no part of the deductions made from his salary, with the interest thereon to the credit of his account, shall be returned to his estate unless prior to his retirement he shall have selected, under the provisions of such rules and regulations as the Commissioners of the District of Columbia shall prescribe, an annuity which shall carry with it a provision for the return of the unpaid principal, or for the continuance of all or part of the annuity as a survivorship annuity.

10. ACTUARIAL VALUATION

Under the present law an actuarial valuation is required to be made every third year. Under the congressional bills this valuation is required to be made each year. The auditor agrees that an actuarial valuation annually is desirable.

11. TEACHERS ON RETIRED ROLL

Under the present law teachers on the retired roll receive 1 per cent of the average annual basic salary paid to them during their whole term of service plus a contribution by the District of Columbia of \$10 per year for each year of their whole term of service. Under the congressional bills teachers on the retired roll would receive benefits of increased annuities through the allowance of 1 per cent of their average annual salary (as against average annual basic salary under present law), which shall include longevity pay, session-room allowance, and increase of compensation (bonus) received by the teacher during the 10 years immediately preceding retirement for his whole term of service plus a contribution by the District of Columbia of \$20 per year for not exceeding 30 years. The auditor recommended the approval of this amendment, subject to a reduction in the contribution by the District of Columbia from \$20 to \$18 per year, for not exceeding 30 years, and with the provision that no reduction shall be required in the amount of the annuity now being paid to any retired teacher. Under the direction contained in the letter of the Director of the Bureau of the Budget, the District's contribution must be reduced to \$15 per year for not exceeding 30 years.

The following amendments are recommended to the two congressional bills:

(1) On page 1, line 7, following the word "that," strike out the words "within 60 days after the passage," and in line 8 strike out the first three words, namely, "of this act."

(2) On page 2, line 6, following the word "service," insert the words "rendered after June 30, 1926."

(3) On page 2, in line 14, following the word "deductions," insert the words "and benefits."

(4) On page 3, in line 6, following the word "made," strike out the period and insert a comma, followed by the words "which account shall be kept by the auditor of the District of Columbia."

(5) On page 4, line 12, strike out the word "employee" and insert the word "teacher"; in line 14 strike out the word "employee" and insert the word "teacher"; in line 15 strike out the word "medical" and insert the word "health"; and in line 16, following the word "Columbia," strike out the words "in charge of medical and sanitary inspection of the public schools," and insert the words "and as a result of said examination, in his judgment, or in the judgment of two-thirds of the members of the board of education, shall have been found to be physically or mentally incapacitated for efficient service."

Section 4, therefore, as amended, following the "Provided further," in line 12 of page 4, should read as follows:

"That no teacher shall be retired by the Board of Education under the provisions of this section until said teacher shall have been examined under the direction of the health officer of the District of Columbia, and as a result of said examination, in his judgment, or in the judgment of two-thirds of the members of the board of education, shall have been found to be physically or mentally incapacitated for efficient service."

(6) On page 4, in line 21, following the word "life," strike out the word "an" and insert the words "a combined"; also in line 21, following "(1)" insert the words "an annuity equal to 1 per cent of his average annual salary received during the 10 years immediately preceding retirement for each year of his whole term of service after June 30, 1926; (2)"; in line 24, following the word "service," insert the words "prior to July 1, 1926, but not to exceed 40 years"; in line 24, strike out the words "Provided, That when the"; in line 25, strike out the words "average annual salary received during the 10 years imme-"; on page 5, in line 1, strike out the words "diately preceding retirement exceeds \$2,000, the annuity"; in line 2, strike out the words "shall be based on an average annual salary of \$2,000"; in line 3, strike out "(2)" and insert in lieu thereof "(3)"; in line 3, strike out "\$20" and insert in lieu thereof "\$15"; in line 4, strike out the words "not exceeding 30 years, such annuity," and insert the words "but in neither case to exceed 30 years, such annuity to be fixed at the nearest multiple of 12 cents and."

Section 5, as thus amended, would read as follows:

"SEC. 5. That following the passage of this act, every teacher who shall be retired under the provisions of section 3 or section 4 hereof shall receive during the remainder of his life a combined annuity composed of (1) an annuity equal to 1 per cent of his average annual salary received during the 10 years immediately preceding retirement for each year of his whole term of service after June 30, 1926; (2) a sum equal to 1 per cent of his average annual salary received during the 10 years immediately preceding retirement for each year of his whole term of service prior to July 1, 1926, but not to exceed 40 years; and (3) an additional sum of \$15 for each year of said service, but in neither case to exceed 30 years, such annuity to be fixed at the nearest multiple of 12 cents and to be payable monthly and to cease and determine at his death."

(7) On page 5, strike out all of section 6, lines 6, 7, and 8, and insert in lieu of said section 6 a new section 6, reading as follows:

"SEC. 6. That in calculating, as provided in section 5, the third part of the annuity of a teacher retired under the provisions of section 4 hereof, a minimum credit of 20 years shall be used in determining the sum allowable to a teacher with less than 20 years of service."

(8) On page 5, line 9, following the word "second," insert the words "and third," and change the word "part" to "parts"; in line 12, following the word "paid," strike out the semicolon and insert a period, and strike out the words "and if"; strike out all of lines 13, 14, 15, 16, 17, and 18; and insert in line 12, following the word "paid," the following:

"The amount of each year's appropriation shall be calculated, on an actuarial basis, as a level percentage of the pay roll of all participants which shall be adequate to cover the liability normally accrued plus a further level percentage of the pay roll computed to be sufficient to liquidate, within a period of approximately 30 years after July 1, 1926, the amount of the accrued liability as of that date. The amount of the necessary appropriations shall be certified each year

by the Commissioners of the District of Columbia to the Bureau of the Budget, and shall be transmitted by it to Congress.

"The reserves created as the result of such annual appropriations shall be held by the Treasurer of the United States separate from the fund created by the contributions of the teachers, and the fund shall be credited with interest at 4 per cent per annum, compounded annually. The fund thus created shall be held and invested by the Treasurer of the United States until paid out as hereinafter provided, and the income derived from such investments shall constitute a part of said fund for the purpose of carrying out the provisions of this act."

Amended as recommended above, section 7 would read as follows:

"Sec. 7. That the second and third parts of the annuity provided for by section 5 hereof shall be paid by appropriations from the same fund as the current expenses of the District of Columbia are now paid or may hereafter be paid. The amount of each year's appropriation shall be calculated, on an actuarial basis, as a level percentage of the pay roll of all participants which shall be adequate to cover the liability normally accrued plus a further level percentage of the pay roll computed to be sufficient to liquidate, within a period of approximately 30 years after July 1, 1926, the amount of the accrued liability as of that date. The amount of the necessary appropriations shall be certified each year by the Commissioners of the District of Columbia to the Bureau of the Budget, and shall be transmitted by it to Congress.

"The reserves created as the result of such annual appropriations shall be held by the Treasurer of the United States separate from the fund created by the contributions of the teachers, and the fund shall be credited with interest at 4 per cent per annum, compounded annually. The fund thus created shall be held and invested by the Treasurer of the United States until paid out as hereinafter provided, and the income derived from such investments shall constitute a part of said fund for the purpose of carrying out the provisions of this act."

(9) On page 5, line 25, strike out the words "service of."

(10) On page 6, line 17, following the figures "1920," strike out the period and insert a comma and the following words: "nor to allow any teacher more than one year's credit for all services rendered in any one fiscal year."

(11) On page 7, line 2, following the word "be," insert the word "so"; and in line 5, following the word "annually," strike out the period and insert a comma and the following words: "but no credit for previous service shall be given in any case of reinstatement where the teacher has been separated from teaching service in any public-school system for more than five years."

The second paragraph of section 9, amended as above, would read as follows:

"No teacher who shall withdraw the amount of his deductions under this section shall, after reinstatement, be entitled to credit for previous service unless he shall deposit in the fund the amount so withdrawn by him: *Provided*, That the amount required to be so deposited may be paid by the teacher, if he so elects, in any number of monthly installments, not exceeding 100, with interest at 4 per cent, compounded annually, but no credit for previous service shall be given in any case of reinstatement where the teacher has been separated from teaching service in any public school system for more than five years."

(12) On page 7, line 10, strike out the words "before he," and strike out all of lines 11, 12, 13, 14, and 15, and insert the following: "no part of the deductions made from his salary, with the interest thereon to the credit of his account, shall be returned to his estate unless prior to his retirement he shall have selected, under the provisions of such rules and regulations as the Commissioners of the District of Columbia shall prescribe, an annuity which shall carry with it a provision for the return of the unpaid principal or for the continuance of all or part of the annuity as a survivorship annuity."

Section 10, amended as above, would read as follows:

"Sec. 10. That in case of the death of a teacher while in the service the amount of his deductions, together with the interest then credited thereon, as provided in section 2 hereof, shall be paid to his legal representatives.

"In the case of the death of an annuitant no part of the deductions made from his salary, with the interest thereon to the credit of his account, shall be returned to his estate unless prior to his retirement he shall have selected, under the provisions of such rules and regulations as the Commissioners of the District of Columbia shall prescribe, an annuity which shall carry with it a provision for the return of the unpaid principal or for the continuance of all or part of the annuity as a survivorship annuity."

(13) On page 9, in line 18, strike out the words "every third" and insert the word "each."

(14) On page 11, line 4, following the word "herein," strike out the period and insert a colon and the following words:

"Provided, That nothing in this act shall be construed to require a reduction in the amount of the annuity being paid to any teacher at the time this act becomes effective."

(15) On page 11, line 5, strike out the figure "2" and insert the figure "20."

The maximum annuity payable to a teacher under existing law, based upon 30 years' service, is \$750, the teacher contributing \$450, or 60 per cent, and the District of Columbia \$300, or 40 per cent.

Under the two congressional bills the maximum annuity based upon 30 years' service would be \$1,200, the teacher contributing \$600 and the District of Columbia \$600.

Under the substitute amendment recommended by the auditor the maximum annuity for 30 years' service would be \$1,140, the teacher contributing \$600, or 53 per cent, and the District of Columbia \$540, or 47 per cent.

Under the substitute amendment approved by the Budget Bureau the maximum annuity for 30 years' service would be \$1,050, the teacher contributing \$600, or 57 per cent, and the District of Columbia \$450, or 43 per cent.

After 30 years of service the District of Columbia would no longer contribute to the annuity of the teacher, but the teacher's contribution will continue until his retirement. The increase in the amount of the annuity after 30 years is therefore the increase represented solely by the teacher's continued contributions.

It is requested that the Commissioners, in submitting their report to the chairmen of the Senate and House Committees on the District of Columbia, recommend favorable action on S. 3362 and H. R. 10051, subject to the amendments of the auditor and to the limitation of \$15 per year for not exceeding 30 years as the District's contribution to the annuity of the teacher, in conformity with the statement of the Director of the Bureau of the Budget that he is authorized by the President to say that "the proposed substitute bill will not be in conflict with his financial program if this contribution is made \$15."

D. J. DONOVAN,
Auditor of the District of Columbia

It is to be noted that the bill now before the House accepts every modification proposed by the auditor in his report except the provision to limit the contributions of the Government to a period of 30 years. Your committee feels that it would be more equitable to make this period of contribution 40 years in accord with the limitation of service payment for the teachers as proposed in this bill.

A letter received by the committee from Mr. Herbert Brown, Chief of the United States Bureau of Efficiency, is incorporated in this report in order that the House may have the opinion of this official in regard to the financial soundness of the bill and the equity of the distribution of the cost between the teacher and the Government.

UNITED STATES BUREAU OF EFFICIENCY,
Washington, March 30, 1926.

HON. FRANK R. REID,
*Chairman Subcommittee of Committee on the District of Columbia,
House of Representatives, Washington, D. C.:*

I have your notice of the meeting to be held Wednesday, March 31, at 7.30 p. m., to consider amendments to the teachers' retirement act and asking me to be present.

I shall be glad to be present if necessary, but I have an appointment for that evening that I made some time ago that I should dislike to break, particularly in view of the fact that I can say in this letter all that I should feel warranted in saying if I should appear before your committee in person.

At the time we undertook to make the valuations for the teachers we were making two valuations of the Federal employees' plan. Before these could be finished we were asked by the Civil Service Committees of the Senate and the House to value four additional plans. In order to do this additional work it was necessary to ask Mr. George B. Buck to make the valuations for the teachers.

I am informed that his results will be available next week. Until then I, of course, will be unable to give any idea of the cost of the proposed plan either to the Government or to the teachers.

I can say now that the plan proposed by the teachers is sound in principle and equitable in its distribution of costs between the teachers and the District of Columbia. It contemplates annual appropriations by Congress to make up the deficit in the contributions of retired teachers where the teachers have not contributed long enough to provide all of their part of their pension, and also annual appropriations to pay the Government's part of the pension.

The benefits are so graduated that the Government gives relatively larger benefits to teachers with small salaries than to teachers with large ones. In my opinion the scale of benefits proposed by the teachers is entirely reasonable.

I hope your committee will approve the bill as the teachers have framed it, and that you will report if favorably if the estimates of cost are found to be within the limits which the Director of the Budget can approve.

It has been a great pleasure to work with the teachers and I am anxious to help them in any way that I can. I have never served any group of persons who to me seemed more reasonable and fair in their demands.

Very truly yours,

HERBERT D. BROWN,
Chief, Bureau of Efficiency.

It is the judgment of your committee that the bill proposed with the amendments now incorporated is a necessary and equitable means of making more adequate provisions for the retirement of a meritorious group of public servants.

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