

PROVIDING FOR PROMOTION OF EMPLOYEES IN CUSTOMS FIELD SERVICE

JULY 23, 1937.—Committed to the Committee of the Whole House on the state
of the Union and ordered to be printed

Mr. McCORMACK, from the Committee on Ways and Means, submitted
the following

REPORT

[To accompany H. R. 7948]

The Committee on Ways and Means, to whom was referred the bill (H. R. 7948) providing for the promotion of employees in the Customs Field Service, having considered the same, report thereon without amendment and recommend that the bill do pass.

GENERAL STATEMENT

The provisions of this bill seek only to accord simple justice to loyal and efficient employees in the Customs Field Service of the Government by providing:

First, a new range of salaries for laborers to place them on a par with those serving in the Postal Service; second by extending the range of salaries of clerks now classified under the act of May 29, 1928, as amended (U. S. C., 1934 ed., title 19), two additional steps to a maximum of \$2,300, thus giving this grade the number of steps now provided for practically all other grades; third, by applying the principle of automatic promotion by annual increments to the maximum salaries of their respective grades, to all positions in the Customs Field Service with the exception of one group of positions provided for in section 3 having to do with inspectors.

During the hearings conducted by a subcommittee of the Ways and Means Committee on June 22, 23, and 29, 1937, it was clearly shown, and admitted by the Treasury Department, that the disparity between the salaries paid employees in the Customs Service and those in the Immigration Service, due to the fact that the immigration inspectors enjoy automatic promotion under the act of May 29, 1928, was seriously undermining the morale of those engaged in this most important work.

In this connection attention is directed to the letter addressed to Hon. R. L. Doughton, chairman, Committee on Ways and Means, by Roswell Magill, Acting Secretary of the Treasury, under date of May 18, 1937, reading as follows:

TREASURY DEPARTMENT,
Washington, May 18, 1937.

Hon. R. L. DOUGHTON,
*Chairman, Committee on Ways and Means,
House of Representatives.*

MY DEAR MR. CHAIRMAN: Receipt is acknowledged of your letter of April 15, 1935, requesting a report on H. R. 3, a bill providing for the promotion of employees in the customs field service.

The bill provides for the annual promotion of one step in the grade of all employees who have rendered satisfactory service until the average of the grade is reached, with the exception of those employees whose promotion is provided for in subsections (a) and (c) of section 1 of the act of May 29, 1928 (U. S. C., 1934 ed., title 19, sec. 6a).

The employees excepted from promotion under the pending bill are laborers whose salaries are fixed at \$1,500 per annum under subsection (a) of the act cited, which subsection is amended by section 2 of H. R. 3 so as to provide for promotion to \$1,600 after 1 year of satisfactory service; and clerks whose entrance salaries are fixed by subsection (c) of the said act at \$1,700 per annum with annual promotions thereafter of \$100 each until a salary of \$2,100 is reached.

The bill (H. R. 3) makes provision for promotions above the average of the grade in the discretion of the Secretary of the Treasury, upon recommendation of the Commissioner of Customs, which do not differ materially from the present law and practice governing administrative promotions.

The major feature of the bill is the annual promotion of employees who have rendered satisfactory service until they have reached the average of the grade. This is comparable to the present annual promotion of clerks in the Customs Service. It is in effect an extension to all customs field employees of the practice now governing the promotion of customs clerks.

Employees of the customs field service other than clerks have served without promotion for such a long period of years that they have become greatly discouraged. This lack of material recognition for loyal, faithful, and satisfactory service destroys the morale and retards the initiative of the personnel. It is particularly true of a large class of customs field employees (customs inspectors) who are required to work side by side with immigration inspectors who receive much higher salaries even though they may have served for a much shorter period of time. This is due to the annual promotions received by immigration inspectors under the act of May 29, 1928 (U. S. C., 1934 ed., title 8, sec. 109). Immigration inspectors in many instances receive \$400 a year more salary than customs inspectors. There are instances where immigration inspectors, without supervisory duties, receive higher salaries than customs officers in charge who have supervision over all the inspectors and employees at their port.

In this connection I wish to invite attention to my report to your committee under date of March 16, 1935, on bill H. R. 4464, which provided for annual promotions of customs inspectors. In that report I pointed out that the enactment into law of the provisions of the bill would eliminate the dissatisfaction among the customs inspectors, but that by giving advantages to customs inspectors not granted to other groups, numbering approximately 5,000 employees; that the remedying of this one condition as proposed would, therefore, be likely to result in new and more widespread dissatisfaction; and that the Department, accordingly, did not favor the passage of the bill. This objection is eliminated from the bill now before your committee (H. R. 3) as it provides the same basis of promotion for all customs field employees.

However, in view of that fact that the expense of the first series of promotions, if the bill is enacted into law, would amount to approximately \$600,000, and the further fact that there is now in progress a study by Government personnel agencies of the general subject of classification, compensation, and retirement of Government employees, the Department does not favor the enactment of the bill into law. The proposed legislation is not in accordance with the program of the President.

Very truly yours,

ROSSELL MAGILL,
Acting Secretary of the Treasury.

PROMOTION OF EMPLOYEES IN CUSTOMS FIELD SERVICE 3

Since the above letter was submitted with respect to H. R. 3, H. R. 7948 was introduced which it is estimated will cost \$720,000 the first year, as shown by the following letter (H. R. 7948 being the unnumbered draft referred to therein):

TREASURY DEPARTMENT,
Washington, June 28, 1937.

Hon. ROBERT L. DOUGHTON,
Chairman, Ways and Means Committee,
House of Representatives, Washington, D. C.

MY DEAR MR. CHAIRMAN: Reference is made to an informal request from the Honorable John W. McCormack, a member of your committee, that the Treasury Department furnish such information as it can concerning H. R. 3, H. R. 3900, and an unnumbered draft of a bill, each of which is designed to authorize promotions for employees of the Customs Service.

There are enclosed herewith copies of a comparative analysis prepared in the Department of the terms of each of the bills and the corresponding provisions of existing law.

On the basis of available information, it is estimated that the cost in the first year of putting H. R. 3 into effect would be approximately \$600,000; H. R. 3900 contains provisions which would require immediate promotions based upon the length of time employees have served within their present grades. A reasonably accurate estimation of the cost of these provisions would require the examination of approximately 8,500 service records, which cannot be accomplished within the time suggested for submission of this information. It is believed, however, that the cost during the first year of putting H. R. 3900 into effect would be between \$1,350,000 and \$1,600,000. The approximate cost during the first year of putting into effect the provisions of the unnumbered draft of bill would be \$720,000.

Very truly yours,

WM. H. McREYNOLDS,
Administrative Assistant to the Secretary.

In the opinion of your committee no stronger argument can be advanced for the enactment of this bill than that contained in the Acting Secretary of the Treasury's letter to the chairman of the Ways and Means Committee. Especially so when one considers the same in connection with the duties imposed upon these loyal and faithful employees of the Government, as also the hopeless position in which they find themselves as measured by the lack of recognition accorded them during the past several years.

It has long been recognized that conditions respecting salary promotions in the Customs Field Service merited the attention of Congress and a system of classification was set up by the act of May 29, 1928, providing minimum and maximum salary rates for various grades, but said act failed to provide for automatic promotions.

Today, after the existing law has been in effect for 9 years we find that not one customs inspector in the whole United States is receiving the maximum salary intended by the act of Congress. We find the majority of these employees still at the minimum of their respective grades. In this connection attention is directed to the following charts illustrating salary stagnation in the Customs Field Service:

Chart illustrating salary stagnation in Customs Service

[Statistics taken from 1938 Budget figures; positions selected are from those groups which make up bulk of service]

Position	Total number	Below average of grade		At or above average of grade		Minimum of grade	
		Number	Percent	Number	Percent	Number	Percent
Verifiers, openers, packers.....	394	390	99	4	1	188	48
Guards.....	990	983	99	7	1	884	90
Inspectors.....	2,309	2,185	95	124	5	1,413	61

Chart illustrating salary stagnation in Customs Service—Continued

Position	Grade 5 (\$2,000-\$2,600; average, \$2,300)		Grade 6 (\$2,300-\$2,900; average, \$2,600)		Grade 7 (\$2,600-\$3,200; average, \$2,900)		Grade 8 (\$2,900-\$3,500; average, \$3,200)	
	Number in group	Average salary of group	Number in group	Average salary of group	Number in group	Average salary of group	Number in group	Average salary of group
Clerks.....	446	\$2, 148	177	\$2, 404	152	\$2, 688	25	\$3, 024
Customs agents.....					6	2, 600	47	2, 934
Deputy collectors.....	45	2, 156	60	2, 370	50	2, 686	31	3, 010
Deputy collectors in charge.....	49	2, 222	84	2, 415	27	2, 822	23	3, 070
Entry clerks.....	1		15	2, 367	7	2, 743	16	2, 931
Examiners.....	1	2, 100	30	2, 327	51	2, 649	8	2, 950
Liquidators.....	1	2, 100	38	2, 371	46	2, 635	70	2, 947
Samplers.....	27	2, 007	10	2, 340				
Storekeepers.....	116	2, 106	76	2, 550				

List showing inspectors of the port of Detroit who have never been promoted to a rate of salary in excess of the minimum of the class as provided by the act of May 29, 1928, \$2,100, and similar conditions exist in all other ports:

Inspectional forces

Name	Date entered service	Service in—		Name	Date entered service	Service in—	
		Years	Months			Years	Months
Russell, R. L.	Jan. 12, 1925	12	5	Arble, J. H.	do	7	
Askey, E. V.	do	12	5	Samson, A. W.	Aug. 1, 1930	6	11
Terry, C. C.	do	12	5	Fisher, C. O.	Oct. 16, 1930	6	8
Rhodes, H. D.	May 7, 1925	12	1	Pfitz, W. O.	Oct. 20, 1930	6	8
Dahlin, L.	May 4, 1926	11	1	Way, K. R.	Nov. 25, 1930	6	7
Yager, J. A.	May 13, 1926	11	1	Sharrow, S. H.	Dec. 1, 1930	6	6
Gray, H. D.	Sept. 8, 1926	10	9	Cullinan, E. P.	do	6	6
Flanigan, S. H.	Nov. 4, 1926	10	7	Ernunow, O. H.	do	6	6
Carson, R. T.	Dec. 2, 1926	10	6	Ernest, H. W.	do	6	6
Masserant, N. J.	Jan. 17, 1927	10	5	Cotten, E. D.	do	6	6
Broderick, J. P.	May 19, 1927	10	1	Omick, J. R.	do	6	6
Gessler, A. P.	do	10	1	Ballard, R. B.	do	6	6
Gerdes, C. F.	Oct. 17, 1927	9	8	Byers, R. J.	do	6	6
McSorley, E. J.	Mar. 24, 1928	9	3	Hall, G. L.	do	6	6
Morden, E. F.	Jan. 16, 1928	8	5	Frohmader, E. M.	do	6	6
Morrison, W. L.	May 5, 1929	8	1	Shafferly, M. J.	do	6	6
Snell, C. W.	do	8	1	Allen, L. E.	do	6	6
Gibson, E. O.	June 16, 1930	7		Haley, V. J.	Dec. 3, 1930	6	6
Christley, C. E.	do	7		Mahon, J. L.	Dec. 29, 1930	6	5
Harriman, J. D.	do	7		Daly, A. R.	Jan. 7, 1931	6	5
Meagher, T. F.	do	7		Wigle, F. C.	May 1, 1931	6	1
Martin, C. C.	do	7		Cohen, L. K.	Oct. 1, 1931	6	8
Madson, A. A.	do	7		Edwards, T.	Nov. 18, 1931	5	5
Walker, R.	do	7		Doolin, F. J.	Dec. 16, 1931	5	7
Northrup, H. E.	do	7		Cleland, D. D.	Mar. 31, 1934	3	3
Fry, J. A.	do	7		Johnson, R. J.	Apr. 16, 1934	3	2
Williams, H. S.	do	7		Ohs, H.	June 5, 1934	3	
Loughrin, A. W.	do	7		Sullivan, W. H.	Aug. 4, 1934	2	10
Hull, C. J.	do	7		Sherwood, S. W.	Sept. 1, 1934	2	9
Walker, H. R.	do	7		Wohlberg, C.	Mar. 16, 1935	2	3
Pollard, A. E.	do	7		Thompson, E. G.	Aug. 1, 1935	1	10
Petersen, D. H.	do	7		Lafountain, A.	Sept. 1, 1935	1	9
Spitz, G. H.	do	7		Osberg, M. C.	Nov. 16, 1935	1	7
Joyce, J. L.	do	7		Decker, C. O.	Dec. 2, 1935	1	6
Slayton, V. E.	do	7		Hopper, C. B.	Feb. 18, 1936	1	4
Wagner, W. R.	do	7		Kendall, E. O.	July 1, 1936	1	
Percey, M. L.	July 1, 1930	7		Nottingham, K. H.	Aug. 24, 1936		10
Flaten, G. L.	do	7		Frleigh, H. F.	Oct. 23, 1936		8
Kore, H.	do	7		Doty, I. L.	Nov. 6, 1936		7
Bushey, E. A.	do	7		Wilkinson, A. A.	Dec. 1, 1936		6
Myers, H. C.	do	7		Kopp, O. A.	do		6
Dudley, C. H.	do	7		Livingston, G. W.	Dec. 3, 1936		6
Miller, H. C.	do	7		Babkirk, J. A., Jr.	Dec. 13, 1936		6
Mathews, H. M.	do	7		Goodman, H. J.	Feb. 8, 1937		4
Schoof, J. E.	do	7		Stuhldreher, L. G.	June 16, 1930	7	
Aterhold, D. K.	do	7					
Meginity, F.	do	7					

At the present time there are appropriated the following salaries to inspectors at the port of New York:

	<i>Per annum</i>		<i>Per annum</i>
153 inspectors at-----	\$2, 100	10 inspectors at-----	2, 800
80 inspectors at-----	2, 200	48 inspectors at-----	2, 900
20 inspectors at-----	2, 300	1 inspector at-----	3, 000
14 inspectors at-----	2, 400	None at-----	3, 100
22 inspectors at-----	2, 500	1 inspector at-----	3, 200
98 inspectors at-----	2, 600	None at-----	3, 300
18 inspectors at-----	2, 700		

The salary according to the present law ranges from \$2,100 to \$3,300 per annum. According to the rates permitted under present law, the average salary should be \$2,700; actually, as shown by the above figures, it is \$2,390 and the constant and seemingly inexorable trend is toward the minimum. Inspectors receiving the average or above-average salary number 78; those below the average number 387. An inspector assigned to weighing, gaging and/or measuring serves approximately 8 years before attaining the seniority which allows him to become a discharging inspector. Theoretically, the salary of the weighing inspector ranges from \$2,100 (entrance salary) to approximately \$2,400, as he attains skill and experience through years of performing the various weighing, gaging, and/or measuring duties assigned to him; actually he does not receive any increase at all, as the entire weighing force at the present time receives \$2,100 and several who have been assigned to discharging duties, after their long period of weighing are still receiving the minimum pay. For example in the \$2,200 grade there are inspectors who have served as such for over 15 years and who have not yet received an increase because of seniority or otherwise.

Total number of customs inspectors listed according to rates of salary as furnished by the Treasury Department in 1936

Inspectors at—	
\$3,200 per annum-----	2
\$3,000 per annum-----	7
\$2,900 per annum-----	55
\$2,800 per annum-----	27
\$2,700 per annum-----	30
\$2,600 per annum-----	142
\$2,500 per annum-----	113
\$2,400 per annum-----	33
\$2,300 per annum-----	131
\$2,200 per annum-----	241
\$2,100 per annum-----	980
Total number of inspectors-----	1, 761
Number of inspectors receiving—	
Maximum rate-----	None
Average of class rate, less than-----percent--	7
Minimum rate, in excess of-----do-----	55

CUSTOMS GUARDS

The present law places their salary range from \$1,860 to a maximum of \$2,400, without anything to compel them to bring them up to \$2,400, and 90 percent of them are at \$1,860. The provisions of the pending bill provide that they shall be raised from \$1,860 to \$2,400 at the rate of \$100 per year.

During this long period of years when the employees of the Customs Field Service have served without promotion, and no material recognition given for their loyal, faithful, and satisfactory service there has been a considerable amount of the appropriations for collecting the revenue from customs turned back to the Treasury as an unused balance that could have been used on deserved promotions. The following table shows the unexpended and unobligated balance turned back to the Treasury, the fiscal year of 1933 and subsequent years are not shown since the Economy Act impounded all savings and prohibited promotions:

Fiscal year—	<i>Unexpended and unobligated balance</i>	Fiscal year—	<i>Unexpended and unobligated balance</i>
1922-----	\$106, 932	1928-----	\$3, 000
1923-----	63, 057	1929-----	20, 314
1924-----	192, 487	1930-----	83, 275
1925-----	106, 679	1931-----	615, 444
1926-----	33, 051	1932-----	1, 041, 923
1927-----	215, 513		

This bill merely seeks to give the same recognition and opportunity for advancement to employees in the Customs Field Service as has been enjoyed by the immigration inspectors for a number of years and by large groups in the Postal Service. Congress has repeatedly favored such automatic promotions for other services of the Government and during the present session the House passed H. R. 1543 extending this principle of automatic salary promotion to all immigration employees.

Your committee recognizes the importance of the work performed by the employees of the Customs Service, which Service is the oldest activity in the United States Government. It is even older than the Treasury Department itself, having been established on July 31, 1789, 33 days prior to the creation of the Treasury Department.

Formerly it was regarded as one of the most attractive services in the Federal Government, whereas, today, promising young men are rarely attracted to the position of customs inspector, and it is well to point out that many of the inspectors of today will be the executives of tomorrow. It is upon the character and efficiency of these executives and employees that the successful administration of customs, from the standpoint of revenues collected and service rendered to the public, depends. It was pointed out during the hearings that the service of an inspector is performed under conditions which render close supervision impossible. No system of accountability, no scheme of discipline in matters of industry and devotion to duty and all that tends to good service can, under the existing conditions of an inspector's employment, be depended on unless it be predicated upon ability and integrity of the highest order in the individual inspector. The administration of the tariff law is beset with difficulties and problems. The inspector is a most vital part of the complicated machinery established for its execution and in the scheme of organization, the first line of defense of the revenue itself. He it is whose act, in nearly every case, bears his signature of responsibility and they have been aptly termed "the eyes of the Service." His duties as an inspector are varied and complex. He is the visible customs law of the maritime world. His duties lead him to supervision over all vessels coming to our shores and trains, airplanes, and all other vehicles arriving from foreign contiguous territory. Inspectors have

supervision of all vessels coming into their districts; they board vessels arriving from foreign ports and certify to their manifests and other papers; they superintend the discharge of cargoes and the delivery thereof; examine the baggage of arriving passengers, see that proper duties are collected thereon and the baggage rightly disposed of; inspect and superintend the shipment of merchandise exported for benefit of drawback, and goods for exportation, or transportation in bond; they examine vessels to see if properly documented; in the release and delivery of cargoes they have absolute control of the proper handling and disposition of the merchandise, allowing nothing to be delivered to the carrier until properly permitted and all customs requirements complied with, all samples secured, and the required packages sent to the appraiser's stores for examination; they must see that trucking of examination and bonded goods is promptly done by properly bonded truckmen or lightermen; they must properly dispose of cargoes not permitted; they must see that sea stores of vessels are correctly listed and cared for; they must search vessels and prevent smuggling in every phase; enforce many navigation laws and regulations of the Department of Commerce; enforce narcotic statutes and those of the Department of Agriculture controlling animal and vegetable imports.

New duties are constantly being added by amended regulations and by Treasury decisions; they must prepare numerous reports, and keep proper records of all the business they conduct. They examine, appraise, and collect duty on merchandise brought in by members of a crew; weigh, measure, and gage dutiable merchandise, which oftentimes requires the highest technical skill and the utilization of Government labor under their supervision for the greatest efficiency possible and with the least cost to the Government. The inspectors carry out the provisions of the neutrality laws and innumerable, varied tasks, often under the most trying conditions. He must be alert, active, vigilant, honest, intelligent, with quick and correct judgment, and a mind and memory full of details which must not be forgotten or overlooked.

Your committee is in complete accord with the facts cited by the Treasury, to wit:

Employees of the Customs Field Service other than clerks have served without promotion for such a long period of years that they have become greatly discouraged. This lack of material recognition for loyal, faithful, and satisfactory service destroys the morale and retards the initiative of the personnel.

We are unable, however, to concur in the objections of the Treasury forsooth the enactment of this bill will entail an expense of \$720,000 the first year, but on the contrary feel that by the enactment of this bill, and giving material recognition to the loyal, faithful, efficient, and satisfactory service performed by these employees will bring about an increase in their morale and thereby tend to a more efficient administration with the result that increased revenues will be received, and better enforcement of our antismuggling laws will result therefrom.

CHANGES IN EXISTING LAW

In compliance with paragraph 2a of rule XIII of the Rules of the House of Representatives, new matter added by the bill, as introduced, to the act entitled "An act to adjust the compensation of certain employees in the Customs Service", approved May 29, 1928,

as amended, is shown below in italics; existing law proposed to be omitted is enclosed in black brackets, and existing law in which no change is proposed is shown in roman.

SECTION 1. The following annual rates of compensation are hereby established for the employees in the Customs Service hereinafter specified:

(a) Laborers, \$1,440; \$1,500; \$1,560; \$1,620; \$1,680.

* * * * *

(c) Clerks, entrance salary, \$1,700; clerks having one year's satisfactory service, \$1,800; clerks having two years' satisfactory service, \$1,900; clerks having three years' satisfactory service, \$2,000; clerks having four years' satisfactory service, \$2,100; [thereafter promotion of clerks to higher rates of compensation shall be in accordance with existing law] *clerks having five years' satisfactory service, \$2,200; clerks having six years' satisfactory service, \$2,300.*

* * * * *

(e) [Inspectors, \$2,100, \$2,200, \$2,300, \$2,400, \$2,500, \$2,600, \$2,700, \$2,800, \$2,900, \$3,000, \$3,100, \$3,200, and \$3,300.] *Inspectors shall be classified in thirteen grades as follows:*

Grade 1, salary \$2,100; grade 2, salary \$2,200; grade 3, salary \$2,300; grade 4, salary \$2,400; grade 5, salary \$2,500; grade 6, salary \$2,600; grade 7, salary \$2,700; grade 8, salary \$2,800; grade 9, salary \$2,900; grade 10, salary \$3,000; grade 11, salary \$3,100; grade 12, salary \$3,200; grade 13, salary \$3,300.

Hereafter inspectors shall be promoted to grades 2, 3, 4, 5, 6, and 7, at the beginning of each fiscal year following one year's satisfactory service in grades 1, 2, 3, 4, 5, and 6, respectively; not to exceed fifty per centum of the force to grades 8, 9, 10, 11, 12, and 13 following one year's satisfactory service in grades 7, 8, 9, 10, 11, and 12, respectively: Provided further, That promotions above grade 7 shall be made in the discretion of the Secretary of the Treasury upon the recommendation of the Commissioner of Customs and as far as is consistent with the efficient administration of the Customs Service shall be made on the basis of seniority.

