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78TH CONGRESS
1st Session

SENATE

DOCUMENT
No. 4

REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES

ADDITIONAL REPORT

OF THE

JOINT COMMITTEE ON REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES CONGRESS OF THE UNITED STATES

PURSUANT TO

SECTION 601 OF THE REVENUE ACT OF 1941

AND

S. CON. RES. 38

(77th Congress)



FEBRUARY 11, 1943—Referred to the Committee on Appropriations and ordered to be printed

UNITED STATES
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CONGRESS OF THE UNITED STATES

JOINT COMMITTEE ON REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES

CREATED PURSUANT TO SECTION 601, OF THE REVENUE ACT OF 1941

HARRY FLOOD BYRD, Senator from Virginia, *Chairman*

ROBERT L. DOUGHTON, Representative from North Carolina, *Vice Chairman*

SENATE	HOUSE OF REPRESENTATIVES
WALTER F. GEORGE, Senator from Georgia.	THOMAS H. CULLEN, Representative from New York.
ROBERT M. LA FOLLETTE, JR., Senator from Wisconsin.	ALLEN T. TREADWAY, Representative from Massachusetts.
CARTER GLASS, Senator from Virginia.	CLARENCE CANNON, Representative from Missouri.
KENNETH McKELLAR, Senator from Tennessee.	CLIFTON A. WOODRUM, Representative from Virginia.
GERALD P. NYE, Senator from North Dakota.	JOHN TABER, Representative from New York.

HENRY MORGENTHAU, JR., *Secretary of the Treasury*

HAROLD D. SMITH, *Director of the Bureau of the Budget*

LETTER OF TRANSMITTAL

CONGRESS OF THE UNITED STATES,
JOINT COMMITTEE ON REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES,
February 11, 1943.

The VICE PRESIDENT,
United States Senate, Washington, D. C.

SIR: In accordance with title 6 of the Revenue Act of 1941, Public Law No. 250, Seventy-seventh Congress, as chairman of the Joint Committee on Reduction of Nonessential Federal Expenditures, it gives me pleasure to present to you an additional report of this committee, which I ask that you lay before the Senate of the United States, with a view to its being printed as a Senate document.

Respectfully submitted.

HARRY F. BYRD,
Chairman.

REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES

FEBRUARY 11, 1943.

Report to: The PRESIDENT OF THE UNITED STATES.
The VICE PRESIDENT OF THE UNITED STATES, PRESIDENT OF THE SENATE.
The SPEAKER OF THE HOUSE OF REPRESENTATIVES.

In accordance with title 6 of the Revenue Act of 1941, Public Law No. 250, Seventy-seventh Congress, an additional report herewith is presented by the Joint Committee on Reduction of Nonessential Federal Expenditures.

Senate Concurrent Resolution 38, introduced by Senators Vandenberg and Byrd, was adopted by the Senate. This resolution is as follows:

CONCURRENT RESOLUTION

Resolved by the Senate (the House of Representatives concurring), That the Joint Committee on Reduction of Nonessential Federal Expenditures be directed to investigate the existing methods of all departments and bureaus in respect to the manner and form of questionnaires, reports, and all other methods of inquiry to which citizens and/or corporations are required to respond in connection with all phases of the war effort; and be it further

Resolved, That the committee be directed to report any legislative recommendations which would either eliminate or simplify or concentrate these processes to the end that citizens and/or corporations shall be relieved of any needless irritation, labor, or expense in this connection and that the war effort shall be relieved of any needless obstacles or complications and that the Federal pay rolls shall be relieved of any needless personnel.

In accordance with the mandate contained in this resolution, the Joint Committee on Reduction of Nonessential Federal Expenditures made an investigation of the questionnaires and reports required from the public by the different agencies of Government.

The committee conducted public hearings and heard all the witnesses who desired to testify.

The committee required each agency of the Government to submit to the committee a complete list and a sample of all questionnaires sent out by the various agencies of the Government during the period from July 1; 1941, to December 1, 1942.

The responses made by the agencies show that a total of 7,025 separate and distinct Government reports and questionnaires were required by 48 agencies to be answered by the public.

This figure is exclusive of the reports requested by the Agricultural Adjustment Administration, the Farm Credit Administration, and the Bureau of Agricultural Economics, this information not having been furnished the committee.

This number, also, does not include a large number of letters asking for specific information and only includes the printed forms.

The committee has obtained sample copies of each of the questionnaires and reports, but has not been able to secure from the different agencies exact information as to the number of each report distributed,

although it is indicated that the number sent to corporations and individuals will run into the millions. The Office of Price Administration, for example, has issued and requested statistical data on 7,715,229 report forms, exclusive of rationing forms and instructions.

Number of separate and distinct forms required to be answered by the public

Agency or department	*Number*
Agriculture	642
(Did not furnish figures for Agricultural Adjustment Administration, Farm Credit, or Bureau of Agricultural Economics.)	
Department of Commerce:	
Reconstruction Finance Corporation	87
Census Bureau	281
Bureau of Foreign and Domestic Commerce	46
Coast and Geodetic Survey	5
Civil Aeronautics Authority	138
Weather Bureau	12
Interior Department	530
Justice Department	27
Labor Department	227
Navy Department	48
State Department	27
Treasury Department	38
War Department	109
Executive Offices of the President:	
Office for Emergency Management:	
Alien Property Custodian	25
Coordinator of Inter-American Affairs	1
Economic Stabilization Board	2
Office of Civilian Defense	21
Office of Defense Transportation	60
Office of Scientific Research and Development	2
Office of War Information	12
War Manpower Commission	178
War Production Board	741
Board of Economic Warfare	71
Office of Price Administration	1,096
Civil Aeronautics Board	26
Board of Investigation and Research	28
Civil Service Commission	437
Employees' Compensation Commission	192
Federal Communications Commission	436
Federal Deposit Insurance Corporation	5
Federal Power Commission	62
Federal Security Agency	258
Federal Trade Commission	92
Interstate Commerce Commission	241
Library of Congress	78
Maritime Commission (War Shipping Board)	32
National Archives	1
National Housing Agency	244
National Labor Relations Board	2
Railroad Retirement Board	229
Securities and Exchange Commission	138
Tariff Commission	28
Tennessee Valley Authority	6
Administrative Office of United States Courts	6
Veterans' Administration	10
Federal Works Agency:	
Office of Administrator	5
Public Roads Administration	43
Total of separate reports required by various agencies of the Government	7,025

(This does not include further information and reports asked for by letters and special requests.)

It would, of course, be a monumental task to analyze each of these carefully as to form and content, and this the committee could not accomplish without a long and exhaustive investigation, but the committee, after a careful survey, reports—

1. That there has been no attempt at uniformity of these numerous reports.
2. The purpose and use of many forms are not clear.
3. Identical information has been requested by several agencies.
4. The Budget Bureau's attempt at uniformity, simplicity, and conciseness has often been circumvented by the use of so-called "administrative forms," which requested statistical data at great length.
5. Many of the questions are couched in language too technical for the small businessman.
6. The forms were not constructed with a view toward saving the businessman or the Government time and money and, in many instances, have been prepared without regard to the accounting practices of the particular industry.
7. Where the purpose of the form is clear many superfluous questions have been added.
8. The investigation of the committee indicated that many of these reports serve no useful purpose; that a great many are filed away by governmental agencies, and the information contained therein is not tabulated.

The committee, of course, appreciates that some reports are necessary, but the vast number of reports requested, and the complexity and details of the questionnaires have, in the judgment of the committee, constituted a serious obstacle to the full utilization of the resources of the country for the war effort. Many business enterprises have been compelled to divert trained personnel from essential and important war work in order to prepare reports, many of which thereafter serve no useful purpose. War production is vastly more important than reports.

It is impossible to estimate the cost of preparing, analyzing, and tabulating these reports on the part of the Government, but this cost is necessarily high. The nearest approximate estimate that can be used is that of Mr. Joseph I. Lubin, former chairman of the War Production Board Committee for Review of Date Requests From Industry, who stated that the War Production Board had eliminated 20 percent of the existing forms and reports and, according to Mr. Lubin, has thereby released the equivalent of 15,000 men working every day, which means a saving of 30,000,000 man-hours a year now consumed in compiling such reports.

The War Production Board issued 741 questionnaires; therefore, the elimination of approximately 140 occasioned this saving in manpower, which, if applied to the entire number of more than 7,000, in similar ratio, the saving of manpower and cost would reach very great proportions.

Mr. Lubin stated that he hoped to reach an elimination of at least 40 percent of these reports. The committee are inclined to the opinion that 60 to 75 percent of the reports now required can be eliminated without in any way impairing the necessary records of the Government.

On the part of private business the cost of preparing these reports has been colossal in comparison to the benefits derived by the Government, and the task of preparing them has confused and discouraged many private business enterprises engaged in essential war work.

An investigation of the more than 7,000 questionnaires impresses the committee with the importance of protecting the businessmen of the country in the emergency now existing from a continuation of the necessity of diverting thousands of trained men from vital war activity to useless paper work.

The committee is driven to the irresistible conclusion that much of this "paper work" involves an intolerable waste of time and resources not only for the victims of these needless inquisitions but also for the Government itself. The committee also could not escape the conclusion that one of the chief sources of unpopularity, irritation, and resentment in connection with rationing and price controls is the nature and extent of the needless complex "reports" too often required by the Government. While fully recognizing that the war effort unavoidably requires a substantial increase in the "paper work" which our unavoidable war controls entail, the committee believes that this necessity should be serviced with a minimum of "red tape" and a maximum of simplicity; and it condemns the excessive, costly, and often unintelligible quiz-mania which has been too often exemplified in some of these bureaucratic zeals.

The committee commends the action of the Bureau of the Budget in accepting all-over control of questionnaires and reports with a view to reducing this burden.

The committee commends the action of the Treasury Department and the War Production Board in voluntarily abandoning some of the "paper work" and commends this excellent example to other branches of the Government.

The committee is hopeful that its clear exposure of this hazard—a menace which frequently actually threatens the war effort itself through a needless diversion of time and effort—will contribute to curbing substantially these excesses, and that the supervision of the Bureau of the Budget will substantially reduce this "paper output."

RECOMMENDATIONS

The committee recommends that the Budget Bureau, under the power it now has, or with additional power granted by Congress, should such be necessary, exercise full and complete control over the various agencies of the Government that are issuing questionnaires and reports not absolutely essential to the prosecution of the war; that the Budget Bureau endeavor not only to simplify but to eliminate most of these 7,025 reports now being required by the Government, and to coordinate the remainder; that, wherever possible, one annual, semiannual, or quarterly report be sent to the Budget Bureau as a central agency, containing the information required by the various agencies; that such reports be filed with the Budget Bureau and be accessible to the other agencies of government that need the information; that the entire question of these unnecessary reports is of such paramount importance that it be reviewed and simplified by further

planning and coordination on the part of all Government agencies under the central control of the Budget Bureau; that the questionnaire mania be curbed by persuasion, if possible, and, if not, by strong congressional action.

The committee further recommends that the appropriation bills limit definitely the amount available to each agency of the Government issuing forms and questionnaires; that full information as to the number of reports issued, their character and purpose, be made a part of the records of the respective appropriations committees, so that such information will be readily available as to the number printed and distributed, and the cost thereof.

By exercising such careful supervision of that part of the appropriation available for the preparation, analysis, and cost of printing and distributing the reports, the Congress can retain in a very effective measure control over this questionnaire problem in the event proper cooperation of the various agencies affected is not forthcoming.

ADDENDA TO THE REPORT

ANALYSIS OF TESTIMONY AND INFORMATION RECEIVED BY THE COMMITTEE

A survey of 89 companies in 10 war industries revealed that 84 of these units completed 3,479 Government reports in the second quarter of 1942. This is an average of 164 reports per company per year. Industries with the heaviest war production carry the heaviest burden of reports. To complete the forms, the 89 companies require a total of 495,480 man-hours a year. Of this total, 13 percent is for nonrecurring and 87 percent for recurring reports. The machinery group of manufacturers believes that 43 percent of these reports are unnecessary.

In the Worthington Machinery & Pump Corporation, which employs 4,000 people, 6 departments must perforce devote full time to the preparation of 545 reports of 66 different types; in addition, there are 478 reports to 80 State, county, and city governments. Reports vary from 1 to 20 pages in length, and the number of questions varies from 10 to 100. The cost of the Federal reports for this corporation alone is approximately $90,000 a year.

Manufacturers declare that Federal red tape delays production and lengthens the war. Priorities and allocations involve entirely new sets of routines. Allocations of vital war materials to a plant must frequently wait until all other plants in the same production field have placed their requisitions.

In his testimony, Eric A. Johnston, president of the United States Chamber of Commerce, told our committee that "it requires a Philadelphia lawyer or an Indian crystal gazer to figure out the answers to some Government questionnaires." He said the requirements for necessary and basic information in wartime are bound to place a great burden on individuals and business concerns. "That makes it all the more important," he declared, "that requests for information should be kept at a minimum and be put in such form as to make for practical replies and utilization of their contents."

The War Production Board reports that a large automobile company complained that preparation of Government forms cost $125,000

and required more than 100,000 man-hours. In another large industry elimination of a single form will save 400,000 man-hours annually and also 100,000 man-hours for the Government.

Senator Vandenberg told the committee about a Chicago businessman who employs some 2,000 men. Excluding tax and social-security reports, it cost this firm $55,000 in 9 months to answer Government questionnaires.

A large drug manufacturer testified that some Office of Price Administration reports are impossible to fill out, both from the standpoint of time involved and ability to understand what is wanted. For example, it would take months to determine how to proceed with Report 1–1071 PL of 5 ROBV–COS–WP, entitled "Report on New Proprietory or Cosmetic Product." This one dealt with new products. Later it was revised to include any alteration in the size, style, and shape of the container or formula of any existing product. Mostly at the request of the War Production Board, hundreds of these changes have occurred in products marketed before March 1942. Bottles are now used to replace cartons; corks, to replace caps; glassine paper and label varnish have been eliminated. Now the company is asked by Office of Price Administration to go back to March and fill out forms for every change made in 450 products and about 1,200 sizes. This involves 600 to 800 changes requiring 600 to 800 reports. This would require months because it takes a competent man from 1 to 2 days to make a report. All this is supposed to be for price approval by the Office of Price Administration, although the law has already fixed these prices as of March.

The same manufacturer testified that his company has recently completed work on a product designed to reduce the mortality rate of 16 children a day who die of whooping cough. The Office of Price Administration was requested to act promptly on the price rate for this formula so that the company could market the product and save human lives. Weeks passed. Telephone calls brought no action. After 6 weeks a price was received from the Office of Price Administration. This procedure would be necessary for each of the 600 items.

The manufacturer presented to us another report, OPA Form Q–51, Budget Bureau No. 08–ST029–42. Completed, it would be 4 feet wide and 20 feet long. The company was unable to discover the purpose of the report, which was supposed to be completed in 4 days. The first page asked for the following: Name of product, unit ingredient cost, unit fabricating cost, unit factory overhead, unit administrative expense, unit sales, and advertising expense, etc.

To make matters worse, the Office of Price Administration asked for a type of cost break-down different from that of the Treasury Department and different also from that of previous Office of Price Administration questionnaires. The manufacturer said that assignment of unit cost to a vitamin product would involve administrative expense and research which could not be estimated. He said the probable cost of filling out all Federal questionnaires would be over $100,000 annually in a firm of 3,800 employees. Office of Price Administration, War Production Board, the Treasury Department, and the Department of Commerce all require separate reports.

Another manufacturer testified the latest Office of Price Administration report was the straw that breaks the camel's back. Declaring there had been a 90 percent turn-over of personnel in his accounting

department since January this witness could not determine when the report might be completed, although it was due November 7. It would require, he estimated, 300 to 350 additional hours of work by a highly experienced employee. In July, two men from the Office of Price Administration visited this manufacturer and asked for detailed information covering 31 sheets. They wanted the material in 2 days and a large number of people were taken from their work to prepare it. In November the same Office of Price Administration man asked for much the same information on another vitamin questionnaire. The manufacturer told our committee that civilian needs and greatly increased war needs, plus a labor shortage, made the compiling of all this information virtually impossible.

A witness from a large industrial laboratory told us of duplication in questionnairies on vitamins issued by the Office of Price Administration, the Fish and Wild Life Service, the Bureau of the Census, and the Army-Navy Munitions Board. Two of these questionnaires have been changed from a quarterly to a monthly basis.

A representative of a large contractors' association said his office has sent out 178 bulletins explaining governmental regulations. These concerns must file 47 to 52 reports for the Treasury Department, the Office of Defense Transportation, the Office of Price Administration, and the War Production Board. Form No. 21 of the Office of Defense Transportation requires 6 or 7 reports, some recorded daily, some monthly. Involved questions are asked, such as tire mileage for each tire, mileage for each vehicle per year and an estimate for the next half year, number of trips, average load per trip, gallons of gasoline used, and so forth.

Senator Vandenberg presented a letter to the committee from a Kansas farmer who had filled out a two-page report in order to get a pair of rubber boots. If he lost the boots he was subject to a $10,000 fine or 10 years' imprisonment.

Eastman Kodak employs 84 persons 3,224 hours a week, enough to build 3 flying fortresses, to complete 409 reports for each quarter.

Constructive criticism includes:

1. Clarify subject matter.
2. Allow sufficient space for reply.
3. Eliminate superfluous requests for information.
4. Avoid "peaking" the reports required.
5. End duplication.
6. Don't penalize a company on priority by failing to win the "paper race."
7. Change method by which companies must wait until all similar companies have filed returns for priorities.

Mr. Fred A. Baughan, of the Retail Food Dealers Association of California, was the next witness. Mr. Baughan testified as to the complexity of regulations issued by the Office of Price Administration, pointing out that calculations must be made on 1,800 to 3,600 items by the neighborhood grocer. He also expressed the belief that Office of Price Administration regulations, red tape, and price ceilings will eventually force all small-size grocery stores out of business. According to Mr. Baughan, the lists which the retailers have compiled —tons and tons of them—remain piled up in the garages of California, unexamined by anyone, unclassified by anyone.

The average number of reports and questionnaires from a business of moderate size is as follows:

1. Federal Power Commission.
2. United States Department of Agriculture.
3. United States Department of Justice.
4. Federal Communications Commission.
5. War Production Board.
6. Interstate Commerce Commission.
7. Office of Price Administration.
8. Bureau of Internal Revenue.
9. Social Security Board.
10. Federal Trade Commission.
11. Salary Stabilization Unit—Bureau of Internal Revenue.
12. Federal Manpower Commission.
13. National War Labor Board.
14. Wage and Hour Division.
15. Alcohol Tax Unit—Treasury Department.
16. Board of Economic Warfare.
17. Defense Savings Staff—War Bonds—United States Treasury Department.
18. Collector of Internal Revenue—Richmond.
19. Collector of Customs.
20. War Department.
21. Navy Department.
22. United States Department of Labor—Labor Statistics.
23. United States Department of Commerce.
24. Office of Defense Transportation.

One company furnished the committee with the following information as to the cost of the preparation of these reports:

Number of Federal bureaus or agencies which requested information	24
Number of types of reports or questionnaires	134
Number of reports submitted	24, 160
Man-hours required to prepare information	132, 560
Cost of personnel	$192, 500

The cost shown above does not include related expenses, such as traveling, telephone, telegraph, postage, and rent.

On the basis that there are 43,000,000 people gainfully employed (not including agriculture), it would indicate that the time of 188,000 persons is consumed in preparing Federal Government data. This number would be increased if it were to include the man-hours used in agriculture to prepare the many Federal returns required in that field.

The problem of answering questionnaires and making reports to the Government has become so great that it has been necessary to assign to an executive of the company the full-time job of following up this matter. This man is specializing in this field and at the present time one other man is devoting his full time to the study of priorities as it affects the company.

Mr. Hugh F. Hall represented the American Farm Bureau. Mr. Hall testified that the questionnaires sent to farmers had a deleterious effect in that farmers were overwhelmed by the enormity of the problem of estimating past and future gasoline consumption, mileage, etc. The impracticability of the questionnaires, the consumption of time in filling them out, the lack of understanding by officials of farmers' problems, all caused Mr. Hall to believe that the paper work required of farmers is overdone. Many will suffer. Some will not be able to harvest. Ultimately the purpose of the questionnaries will be defeated.

Mr. Fred Brenckman, of the National Grange, testified that farmers, for-hire operators, and large utility companies are harassed by complicated questionnaries which ask questions no one can answer.

Mr. Brenckman suggested suspending regulations that have been issued so far as they affect operation of farm trucks, and call in committees of practical farmers to assist in the preparation of a conservation program that will meet the desired objectives.

OBJECTIONS TO QUESTIONNAIRES AS REPORTED TO THE COMMITTEE

1. Severin Electric Co., San Francisco, Calif.: "Overhead costs due to questionnaires have increased 35 percent. Questionnaires have delayed vital work—cannot get manpower to do the job—has to put keymen on this job."

2. T. L. Rosenberg Co., Oakland, Calif.: "Questionnaires and Government requirements of forms, etc., have caused increase of 5 percent overhead—loss in productive manpower is 1 percent—increased field staff 7 to 10 percent."

3. Pacific Electric Motor Co., Oakland, Calif.: "Questionnaires and forms cause 14.6 percent direct increase in overhead, and a loss in productive manpower equal to five employees on a 44-hour week."

4. S. C. Sachs Co., St. Louis, Mo.: "Government questionnaires and forms has increased office personnel 55 percent."

5. Carl I. Schaeffer Electric Co., St. Louis, Mo.: "Government forms and red tape have increased overhead 2 percent—loss in productive manpower equals 25 percent."

6. Hensley Electric Co., Fort Worth, Tex.: "34 percent of total man-hours devoted to Government forms, etc."

7. Mill & Marine Electric, Inc., Gastonia, N. C.: "Burdensome forms, questionnaires, etc., of Government costing us 30 percent more to handle business—taking into consideration inexperienced men overhead would be nearer 50 percent."

8. Charles A. Langlais, San Francisco, Calif.: "Object to Office of Price Administration and Labor Department questionnaires and forms—increased cost of doing business 25 percent and decreased available manpower, 25 percent."

9. Huntington & Guerry, Greenville, S. C.: "Estimate questionnaires and forms increase expenses 10 percent and field staff expense increased 50 percent."

10. Electric Constructors, Inc., Pascagoula, Miss.: "Red tape increases overhead from 10 to 20 percent, aggravated by lack of manpower."

11. Paul Heydon: "Six contractors say increased overhead as follows: First, 5 percent; second, 10 percent; third, 5 percent; fourth, 5 percent; fifth, 7 percent; sixth, 3 percent—average, 5.83 percent."

12. National Electrical Contractors, Fort Worth, Tex.: "Contractors there say 15 to 20 percent increase in overhead and 30 percent loss in man-hours."

13. Webb Electric Co., Anderson, S. C.: "Red tape increased overhead and man-hours 48 percent."

14. Jack Moorman, Shreveport, La.: "60 percent office time used on red tape, 15 percent supervisor's time, 15 percent total manpower. OPA Form 251 is impossible."

15. C. C. C. Cadwallader, Detroit, Mich.: "12 contractors reporting show 12 percent increase in overhead; delays hard to estimate."

16. E. H. Herzberg, Milwaukee, Wis.: "Government red tape caused among contractors the following: One additional stenographer, 50 percent supervisor's time, 50 percent manager's time, 35 percent bookkeeper's time, 25 percent supervisor's time, 33 percent manager's time, overhead 20 percent higher, overhead 5 percent higher, overhead 10 percent higher, 80 percent manager's time."

17. Brooker Engineering Co., Detroit, Mich.: "Red tape causes increase in overhead of 25 percent; productive manpower loss, 50 to 75 percent; causes delay in executing contracts."

18. R. H. Bouligny, Inc., Charlotte, N. C.: "Loss is 5 percent; ties up keymen; time required 5 percent."

19. White Electrical Construction Co., Atlanta, Ga.: "Serious burden—increased overhead 10 percent; can't see what use could be made of information."

20. Enterprise Electrical Co., Philadelphia, Pa.: "Increased overhead 10 percent—no uniform procedure on Office of Price Administration forms, etc.; red tape is awful and hinders war effort."

21. Foshee Electric Co., Fort Worth, Tex.: "Increases overhead 25 to 30 percent. Information requested is useless."

22. Davenport Electric Contract Co., Davenport, Iowa: "Increases overhead 9 percent and we pass it off on the public."

23. Leithner & Weishar, Rock Island, Ill.: "Increased overhead 15 percent—caused us to refuse contracts over $500. Believe 95 percent of questionnaires are unopened by Government."

24. Tennessee Armature Electric Co., Knoxville, Tenn.: "Three contractors in city overhead jumped 30 percent; ours has jumped 45 percent."

25. Southern Electric Service Co., Inc., Charlotte, N. C.: "Increased personnel 7 percent and increased overhead of $1,200 per month."

26. Eugene Ashe Electric Co., Fort Worth, Tex.: "40 percent of total man-hours used on Government forms, etc."

27. Bryant Electric Co., High Point, N. C.: "Increased productive labor cost 6 to 7 percent.'

28. Chewning & Wilmer, Richmond, Va.: "Increase in cost is 13 percent."

29. Ross Electric Construction Co., Philadelphia, Pa.: "Increased work 15 to 20 percent. Can't understand need for 20 copies of each form. Complained to the Office of Price Administration, citing drive on scrap paper, when so much was used in forms, etc."

30. Beacon Electrical Engineering & Construction Co., Buffalo, N. Y.: "Our members report increase in cost as follows: 30, 20, 40, 50, 50, 10, 40, 50, 40, and 40 percent. Strenuous objection to Form OPA 251."

31. Shreveport Electrical Contractors Association, Shreveport, La.: "Increase in cost of operation of members are respectively: 34, 38, 37, and 32 percent."

32. National Electrical Contractors Association, Los Angeles, Calif.: "4-percent increase in overhead, 2½-percent loss of productive manpower, 2.43-percent increase in staff."

33. National Electrical Contractors Association, Atlanta, Ga.: "Increased cost, 20 percent."

34. Empire Electric Co., Forth Worth, Tex.: "Increased total job cost, 5 percent; increased overhead, 50 percent."

35. Robinson Electrical Co., Philadelphia, Pa.: "Increases cost of every job 1 percent and one extra employee."

36. Electrical Employers' Association, Cincinnati, Ohio: "Eight contractors report average of 15.8-percent overhead increase, of 43-percent loss in productive manpower, of 25.4-percent increase in field staff."

37. Tri-City Electric Co. of Iowa, Davenport, Iowa: "Increase of 5 to 15 percent of overhead."

38. Robbins Electric Co., Moline, Ill.: "Increase overhead 2 to 5 percent per customer. Object to M. P. R. 251."

39. Richardson-Wayland Electrical Corporation, Roanoke, Va.: "Increased cost from 10 to 15 percent plus confusion due to nonconformity and lack of standardization of forms and answers. Objects to Office of Defense Transportation, Federal Works Agency, and Office of Price Administration red tape and confusion and duplications."

40. Independent Electrical Machinery Co., Kansas City, Mo.: "Increased clerical help, 20 percent; loss of productive manpower, 8 to 10 hours per day; increased cost, 15 percent."

41. Alber Electric Co., Kansas City, Mo.: "Increased overhead, 10 percent; 20-percent loss in productive manpower, 5-percent increase in field staff."

42. Evans Electrical Construction Co.: "Increase in overhead, 25 percent; loss in manpower, 20 percent; increase in staff, 15 percent."

43. Squire Electric Co., Kansas City, Mo.: "Overhead increased 33 percent, increase in field staff of 25 percent."

44. W. T. Foley Electric Co., Kansas City, Mo.: "Overhead increase, 10 percent; loss in manpower, 25 percent; increase in staff, 10 percent."

American Paper & Pulp Co., New York, N. Y.:

	Company A	Company B	Company C
1. The approximate number received in quarter ending Sept. 30, 1942:			
A. Recurring	62	154	48
B. Nonrecurring	7	4	[1] 76
C. Total	69	158	124
2. Estimate of man-hours required to complete these reports:			
A. Recurring	2,725	----------	1,079
B. Nonrecurring	234	----------	1,008
C. Total	2,959	3,442	2,087
3. Estimate of cost of completing reports:			
A. Recurring	$3,299	----------	$3,176
B. Nonrecurring	386	----------	2,079
C. Total	3,685	$3,966	5,473

[1] Includes PD 1A.

78TH CONGRESS
1st Session

SENATE

DOCUMENT
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ADDITIONAL REPORT

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JOINT COMMITTEE ON REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES CONGRESS OF THE UNITED STATES

PURSUANT TO

SECTION 601 OF THE REVENUE ACT OF 1941



FEBRUARY 15, 1943.—Referred to the Committee on Appropriations and ordered to be printed

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GERALD P. NYE, Senator from North Dakota.	JOHN TABER, Representative from New York.

HENRY MORGENTHAU, JR., *Secretary of the Treasury*

HAROLD D. SMITH, *Director of the Bureau of the Budget*

LETTER OF TRANSMITTAL

CONGRESS OF THE UNITED STATES,
JOINT COMMITTEE ON REDUCTION OF
NONESSENTIAL FEDERAL EXPENDITURES,
February 15, 1943.

The VICE PRESIDENT,
United States Senate, Washington, D. C.

SIR: In accordance with title 6 of the Revenue Act of 1941, Public Law No. 250, Seventy-seventh Congress, as chairman of the Joint Committee on Reduction of Nonessential Federal Expenditures, it gives me pleasure to present to you an additional report of this committee, which I ask that you lay before the Senate of the United States, with a view to its being printed as a Senate document.

Respectfully submitted.

HARRY F. BYRD, *Chairman.*

REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES

FEBRUARY 15, 1943.

Report to: The PRESIDENT OF THE UNITED STATES.
The VICE PRESIDENT OF THE UNITED STATES, PRESIDENT OF THE SENATE.
The SPEAKER OF THE HOUSE OF REPRESENTATIVES.

In accordance with title 6 of the Revenue Act of 1941, Public Law No. 250, Seventy-seventh Congress, an additional report herewith is presented by the Joint Committee on Reduction of Nonessential Federal Expenditures.

The investigation of the cost of passenger automobiles, both owned and rented by the United States Government, convinced the committee a year ago that very substantial economies could be effected by eliminating all nonessential traveling by automobile.

The committee decided last year, and so reported to Congress, that the traveling expenses of the different agencies of Government were exorbitant and should be carefully supervised by the Appropriations Committees, and a substantial reduction required.

The committee now presents to Congress a report on the number of automobiles owned and operated by the various Government agencies, exclusive of those used by the Army and Navy.

Despite the growing automobile crisis, both in tires and gasoline, the investigation of the committee indicates that for the first 4 months of the present fiscal year (July 1 to November 1, 1942) the various agencies of the Government, exclusive of the Army and Navy, continued for the most part to use as many passenger cars, to drive as many miles, and to consume about as much gasoline as did these agencies in a comparable period of the previous year, and this, notwithstanding the efforts of the Government to reduce the consumption of gasoline and to conserve rubber.

The committee believes that the same standard of strictly essential driving should be applicable to Government employees as it now applies to individual citizens. This, the committee is convinced, is not being done, assuming that the latest figures available for the first 4 months of this fiscal year are a criterion for the current fiscal year.

In the last fiscal year the Federal Government owned 17,305 passenger automobiles, exclusive of the Army and Navy, and exclusive of trucks and motorcycles. It now owns and operates 18,953 passenger automobiles, which represents an increase of more than 1,600 cars over the number owned and operated during fiscal year 1942.

In the last fiscal year the cost of operating these passenger automobiles, exclusive of interest and depreciation on the cars, was $4,243,602. The cost of operating these cars for the first 4 months of

this fiscal year was $1,308,023, or on a yearly basis the cost would be $3,924,069, which is substantially the same.

In the last fiscal year these Government-owned cars traveled 203,550,280 miles. In the first 4 months of this fiscal year they traveled 66,610,310, or 199,830,930 miles on a yearly basis.

The amount of gasoline used by Government-owned cars in the past fiscal year was 13,793,594 gallons. For the first 4 months of this fiscal year the amount was 4,284,511 gallons or, on a yearly basis, 12,853,533 gallons.

Considering, therefore, the cost, the mileage traveled, and the amount of gasoline consumed for the first 4 months of this fiscal year (according to the latest information available) there has been no appreciable decline in the use of these Government automobiles by peacetime agencies although the Government itself is compelling the private citizen to reduce the use of automobile travel and ban all nonessential driving.

But these figures by no means tell the entire story of travel by employees on Government business. The various departments allow their employees to use privately owned cars for official business on a reimbursable mileage basis. The figures from all the agencies are not available to the committee, but 5 agencies out of 47 have reported the mileages of these cars for the fiscal year 1942. The extent of the use of privately owned cars as reported by these 5 agencies shows that they traveled 145,606,241 miles at a total cost of $7,261,856.32. Adding this mileage of 145,606,241 to the 203,550,280 miles traveled by the Government-owned cars, and making reasonable allowance for those agencies not reporting, it would appear to be conservative to estimate that in the fiscal year 1942 the various agencies of the Government operated passenger cars to the extent of from 400,000,000 to 500,000,000 miles, and used from 25,000,000 to 30,000,000 gallons of gasoline.

The committee desires again to call attention to the great extravagance of the traveling costs of the various agencies of Government, and in more detailed statement which will be made to the Congress later, but at this time the committee regards, as most important, the complete elimination of nonessential operation of motorcars by the Government. In a crisis such as this the Government itself must set an example to the people. It should not ask sacrifices of the people which the employees of the Government do not themselves make. The committee has had presented to it many instances of duplicated travel of these thousands of Government employees who travel in separate cars instead of using the same car. The committee finds this practice especially reprehensible in the Department of Agriculture, which in the fiscal year 1942 traveled 143,206,000 miles in rented cars and 49,856,594 in Government-owned cars. The committee is of the opinion that a large proportion of this travel is unnecessary and should be dispensed with, and for much of the balance the same car can be used by different employees of the Agriculture Department.

It is, of course, true that in certain agencies of the Government, such as the Department of Justice, there is justification for a reasonable increase in the cars operated, due to the enlarged activities of the Federal Bureau of Investigation. In fact, the increase of 551 cars in the past year in the Department of Justice for the most part may be

attributed to the Federal Bureau of Investigation. On the other hand, in the judgment of the committee, there is no justification for an increase of nearly 100 cars in the Agriculture Department, which already had 4,359 passenger cars, or an increase of 120 in the Federal Works Agency, as in this latter agency the activities have been greatly reduced. An increase of 34 in the National Housing Agency, as well as other increases, are noted in the itemized statement which is a part of this report.

The committee further believes that substantial economies can be made in the employment of full-time and part-time chauffeurs. In the last fiscal year there were 403 full-time chauffeurs; now there are 439, an increase of 36. In the last fiscal year there were 695 part-time chauffeurs; now there are 693, a reduction of 2.

In the last fiscal year the salaries of full-time chauffeurs was $555,295 while it is estimated their salaries this year will be $590,000; in addition to these the Government employs many chauffeurs on a part-time basis.

The committee believes the plan which the Office of Emergency Management has adopted to regulate use of the cars assigned to it, is a step in the right direction. They require every person using a car to sign a statement for permanent record that the person is traveling on official business, and to give the destination and reason for the use of the car. Such a plan adopted by the other agencies, combined with a decentralized automobile-pooling arrangement, would do much to reduce the use of Government-owned automobiles and greatly reduce the cost to the Government.

EFFECTIVE USE OF MATERIAL

The information gathered by the committee has been very useful to several departments of the Government concerned with this problem. Last year the Bureau of the Budget and the Office of Defense Transportation availed themselves of the information to be used as a basis for their regulations and to effect economies in the use of Government owned and operated cars and trucks.

In a statement to the press on February 7, 1943, Harold D. Smith, Director of the Bureau of the Budget, pointed out that—

> Preliminary surveys conducted by the Bureau and data provided by the Byrd committee indicate approximately 100,000 tires will be pooled as a result of the order, which means that until now Government cars have had an average of 6½ tires each. This is an "unwarranted situation."

RECOMMENDATIONS

The committee recommends:

1. That the Appropriations Committees carefully survey the need for the existing passenger cars of each of the agencies of Government and adjust accordingly the appropriation for the necessary cars.

2. That all Government officials and employees give complete endorsement to the Office of Price Administration's mileage-conservation program as it relates to automobiles used in the public service.

3. That there should be established immediately in Washington for the duration of the war a passenger automobile pooling arrangement to transport Government employees engaged in official business

when no other transportation is available within the metropolitan area of Washington. Each agency shall certify the names of those persons entitled to use official cars on official business, and at no other time, by no other person, and in no other way shall they be used.

4. That any Government official or employee who uses or authorizes the use of any Government-owned or leased vehicle other than for official purposes shall be summarily removed from office, and may, also, upon conviction thereof, be subject to a fine of not more than $1,000, or imprisoned for not more than 1 year, or both.

5. That every Government automobile have displayed in a conspicuous place a sign such as the following: "Owned and operated by the United States Government ———— agency."

The following is a list of passenger automobiles as reported by the various agencies. This list does not include the cars that are rented by the various agencies, neither does it include trucks, pick-up trucks, or motorcycles, and is exclusive, also, of all passenger automobiles and trucks owned and operated by the Army and Navy.

AUTOMOBILE (PASSENGER)

[Re questionnaire dated Oct. 31, 1942]

Agency or department	Number owned		Cost of operating		Number miles traveled, fiscal year 1942	Number miles traveled this fiscal year to Oct. 31, 1942	Number of chauffeurs				Chauffeurs' salaries, full time		Number gallons gasoline used	
							Full time		Part time					
	Fiscal year 1942	Fiscal year 1943	Fiscal year ending June 30, 1942	This fiscal year to Oct. 31, 1942			Fiscal year 1942	Fiscal year to date	Fiscal year 1942	Fiscal year to date	Fiscal year 1942	Estimated for fiscal year	Fiscal year 1942	Fiscal year to date
Agriculture Department	[1] 4,359	[1] 4,454	$1,004,601.59	$275,722.81	49,856,594	13,722,621	7	6	5	7	$9,870	$8,280.00	3,153,706	858,028
Alley Dwelling Authority	None													
Bituminous Coal Consumers' Counsel	None													
Board of Economic Warfare	5	5	782.05	655.20	55,435	18,300	3	3	3	3	4,140	4,140.0	2,972	1,719
Budget Bureau	3	3	706.90	186.31	23,467	9,573			5	5			2,063	662
Civil Aeronautics Board	17	20	6,414.49	1,765.01	265,369	95,172	1	1			1,380	1,380.00	11,823	5,571
Civil Service Commission	None													
Commerce Department	414	489	98,281.87	36,940.32	5,488,266	2,089,667	9	9			13,140	13,140.00	322,864	117,764
Federal Communications Commission	148	175	30,321.98	15,159.16	1,851,428	728,780							85,511	36,439
Federal Deposit Insurance Corporation														
Federal Power Commission	16	16	4,779.80	1,582.00	197,530	48,231	1	1			1,500	1,500.00	11,742	2,902
Federal Security Agency	[1] 1,983	[1] 1,940	417,279.26	194,034.20	18,296,948	8,003,599	[2] 97	[2] 103	37	30	132,123	132,984.00	1,220,091	509,052
Federal Trade Commission	None													
Federal Works Agency [3]	565	685	83,213.68	32,822.74	5,344,323	2,274,961	15	15	2	3	20,880	21,180.00	344,299	126,412
General Accounting Office	2	2	76.44	35.76	9,204	3,118	1	1			1,620	1,620.00	924	278
Gorgas Memorial Institute	None													
Government Printing Office	4	4	1,418.68	346.01	30,366	8,777	4	4			7,502	[4] 2,757.84	2,940	719
Interior Department [5]	3,911	3,758	[6] 807,891.50	[6] 204,939.13	33,269,049	8,864,983	9	10	2	2	12,840	4,680.00	2,345,889	631,521
Interstate Commerce Commission	130	130	29,680.16	10,782.95	1,362,140	447,825							80,189	22,925
Justice Department	2,367	2,918	636,615.65	192,283.74	33,407,575	13,211,990	10	10	6	6	14,640	14,640.00	2,337,852	904,811
Labor Department	6	6	2,046.15	615.81	73,000	10,078	3	3			5,200	4,620.00	7,118	961
Library of Congress	1	1	144.13	73.51	8,425	3,269	1	1			1,320	1,320.00	671	255
Maritime Commission [7]	15	20	2,326.91	847.10	81,481	39,502	3	2	3	3	4,500	2,820.00	6,249.85	2,556.3
National Advisory Commission for Aeronautics	15	15	929.06	677.16	72,867	42,487							5,137	2,448
National Archives	1	1	80.88	24.26	6,148.5	2,090.8	1	1			1,320	1,320.00	477	147
National Capital Park and Planning Commission	2	2	107.70	6.91	8,576	592	1	1			1,440	1,440.00	536	37
National Housing Agency	108	[8] 142	10,236.51	7,567.51	472,549	411,027	15	15	2	2	20,700	20,700.00	32,800	26,696

See footnotes at end of table.

AUTOMOBILE (PASSENGER)—Continued

[Re questionnaire dated Oct. 31, 1942]

Agency or department	Number owned		Cost of operating		Number miles traveled, fiscal year 1942	Number miles traveled this fiscal year to Oct. 31, 1942	Number of chauffeurs				Chauffeurs' salaries, full time		Number gallons gasoline used	
							Full time		Part time					
	Fiscal year 1942	Fiscal year 1943	Fiscal year ending June 30, 1942	This fiscal year to Oct. 31, 1942			Fiscal year 1942	Fiscal year to date	Fiscal year 1942	Fiscal year to date	Fiscal year 1942	Estimated for fiscal year	Fiscal year 1942	Fiscal year to date
National Labor Relations Board	None													
National Mediation Board	None													
Office of Censorship	10	10	$350.77	$662.30	23,377	31,935	11	11	8	8	$15,120	$15,120.00	1,280	3,580
Office of Emergency Management [9]	206	150	15,336.07	14,062.79	883,478	406,853	60	89			73,500	118,200.00	69,259	34,555
Office of Price Administration														
Office of Strategic Services	20	18	4,117.04	([10])	135,854	77,918	14	14			16,920	18,840.00	12,405	5,054
Panama Canal	1	2	174.63	43.78	6,838	897			2	2			521	236
Post Office Department	51	52	14,284.24	4,709.24	278,805	90,191	2	2			3,000	3,180.00	27,271	8,080
Railroad Retirement Board	5	5	758.70	212.62	39,973	8,301	[11] 5	[11] 3			[11] 7,080	[11] 4,140.00	3,211	852
Reconstruction Finance Corporation and subsidiaries	16	21	756.33	417.12	36,165	25,648	4	4			5,340	5,760.00	3,660	2,127
Securities and Exchange Commission	1	1	257.84	43.12	4,850	651							441	51
Selective Service System	25	143	4,818.03	8,767,57	696,043	633,514	5	10		2	6,240	13,560.00	23,618	41,147
Smithsonian Institution	1	1	198.84	26.50	6,030	1,810	1	1			1,380	1,320.00	670	201
Supreme Court of United States	None													
State Department	[12] 51	[13] 53	18,919.71	6,515.15	870,515	264,455	4	4			5,700	5,700.00	55,055	13,713
Tennessee Valley Authority	[11] 760	[11] 835	502,454.84	111,142.89	12,467,862	2,514.545	7	6			8,100	6,840.00	808,741	154,662
Treasury Department	2,505	2,491	476,219.00	164,652.00	34,420,943	11,540,738	5	5			7,460	7,460.00	2,463,099	684,476
U. S. Tariff Commission	None													
Veterans' Administration	385	385	70,021.12	19,700.42	3,498,807	976,212	104	104	620	620	151,410	151,410.00	348,509	83,874
Total	17,305	18,953	4,243,602.55	1,308,023.10	203,550,280.5	66,610,310.8	403	439	695	693	555,295	590,051.84	13,793,594.85	4,284,511.3
Civilian Conservation Corps (not included in total) [14]	[15] 1,179		405,896.00		16,655,261		23				28,560		1,065,526	

[1] This report excludes Civilian Conservation Corps cars.
[2] 65 Public Health chauffeurs used for driving trucks and tractors also.
[3] Does not include Work Projects Administration cars.
[4] Actual salary paid.
[5] Cars from the Division of Territories and Island Possessions not included. Civilian Conservation Corps cars not included.
[6] Cost of operating not complete for all divisions.
[7] Includes War Shipping Administration.
[8] 34 of these cars acquired in September 1942 from the Federal Works Agency from cost-plus-a-fixed-fee projects on a recpature basis. No records on them available.
[9] Does not include all War Relocation Authority cars. No operating cost available on War Relocation cars.
[10] Not available.
[11] Average for period.
[12] 42 Foreign Service cars and station wagons not included.
[13] 52 Foreign Service cars not included.
[14] This report on Civilian Conservation Corps cars not included in Federal Security Agency. Report does not include cars put in storage, due to contraction of operations, by Civilian Conservation Corps units within War Department, Agriculture Department, and Department of the Interior. No report on Civilian Conservation Corps this fiscal year to Oct. 31, 1942, because it is in process of liquidation; 883 cars transferred to Army, Navy, Civil Aeronautics Administration, and other agencies, as of Jan. 29, 1943.
[15] Does not include 28 Civilian Conservation Corps cars transferred to the Alaska Highway.

Source: Replies to questionnaire sent out by the Joint Committee on Reduction of Nonessential Federal Expenditures. Does not include the legislative branch, the Architect of the Capitol, the Botanical Gardens, the White House, or the War and Navy Departments. Rental and mileage payments for use of private cars not included.

78TH CONGRESS
1st Session

SENATE

DOCUMENT
No. 20

REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES

ADDITIONAL REPORT

OF THE

JOINT COMMITTEE ON REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES CONGRESS OF THE UNITED STATES

PURSUANT TO

SECTION 601 OF THE REVENUE ACT OF 1941



MARCH 12 (legislative day, MARCH 9), 1943.—Referred to the Committee on Appropriations and ordered to be printed

UNITED STATES
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CONGRESS OF THE UNITED STATES

JOINT COMMITTEE ON REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES

CREATED PURSUANT TO SECTION 601 OF THE REVENUE ACT OF 1941

HARRY FLOOD BYRD, Senator from Virginia, *Chairman*

ROBERT L. DOUGHTON, Representative from North Carolina, *Vice Chairman*

SENATE	HOUSE OF REPRESENTATIVES
WALTER F. GEORGE, Senator from Georgia.	THOMAS H. CULLEN, Representative from New York.
ROBERT M. LA FOLLETTE, JR., Senator from Wisconsin.	ALLEN T. TREADWAY, Representative from Massachusetts.
CARTER GLASS, Senator from Virginia.	CLARENCE CANNON, Representative from Missouri.
KENNETH McKELLAR, Senator from Tennessee.	CLIFTON A. WOODRUM, Representative from Virginia.
GERALD P. NYE, Senator from North Dakota.	JOHN TABER, Representative from New York

HENRY MORGENTHAU, JR., *Secretary of the Treasury*

HAROLD D. SMITH, *Director of the Bureau of the Budget*

LETTER OF TRANSMITTAL

CONGRESS OF THE UNITED STATES,
JOINT COMMITTEE ON REDUCTION OF NONESSENTIAL
FEDERAL EXPENDITURES,
March 11, 1943.

The VICE PRESIDENT,
United States Senate.

SIR: In accordance with title 6 of the Revenue Act of 1941, Public Law No. 250, Seventy-seventh Congress, as chairman of the Joint Committee on Reduction of Nonessential Federal Expenditures, it gives me pleasure to present to you an additional report of this committee, which I ask that you lay before the Senate of the United States with a view to its being printed as a Senate document.

Respectfully submitted.

HARRY F. BYRD, *Chairman.*

S. Docs., 78–1, vol. 1——3

REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES

REPORT TO THE PRESIDENT OF THE UNITED STATES, THE VICE PRESIDENT OF THE UNITED STATES, PRESIDENT OF THE SENATE, THE SPEAKER OF THE HOUSE OF REPRESENTATIVES

In accordance with title 6 of the Revenue Act of 1941, Public Law 250, Seventy-seventh Congress, an additional report herewith is presented by the Joint Committee on Reduction of Nonessential Federal Expenditures.

Senate Concurrent Resolution 6, Seventy-eighth Congress, introduced by Senator Kenneth Wherry on February 1, 1943, was referred to the Committee by the President of the Senate.

CONCURRENT RESOLUTION

Whereas on January 23, 1943, the Secretary of Agriculture in a formal release stated that through the Food Production Administration 5 per centum one-year agricultural loans would be made available to farmers to provide funds to aid war food growing, that $225,000,000 was available for that purpose, that this program was not a substitute for other sources of credit or intended to compete with other lenders, but that its purpose was to supplement such other sources of credit where needed and that producers were to be urged to obtain their financial requirements, if possible, from other sources; and

Whereas there is already in operation the Production Credit Corporation, a governmental lending agency which provides, on a commercial basis, agricultural loans in direct competition with private enterprise, and also in operation the Farm Security Administration, a governmental agency which provides credit to eligible farmers who desire to rehabilitate themselves on the land, both of which were created to provide funds for farmers, that they might produce agricultural products; and

Whereas the Secretary of Agriculture has stated that the Regional Agricultural Credit Corporation (formerly known as the Barnyard Loan Agency), is to be revived as another Government-subsidized lending agency, to be financed out of public funds, where there is already in operation the Production Credit Corporation and the Farm Security Administration which have similar functions; and

Whereas it is believed the functions and activities of such Government-subsidized lending agencies could be appropriately handled, through available facilities of private lending agencies, without detriment to agriculture or impairment of all-out agricultural production, inasmuch as private lending agencies now have available money to make agricultural loans without reviving any governmental lending agency, without unnecessary governmental expenditures, and without competition with private enterprise or prejudice to private lending agencies; and

Whereas a consolidation of the agricultural lending agencies of the Government, or a proper correlation of their functions, activities, and services with those of private lending agencies, should provide the same equivalent service to agriculture as is now being provided by such Government-subsidized lending agencies, and would not result in loss to the agricultural producer but would benefit him, would eliminate unnecessary agencies, would conserve public funds, would eliminate duplicity, would release and provide needed manpower and materials for other lines of endeavor, and would be feasible: Therefore be it

Resolved by the Senate (the House of Representatives concurring), That the Joint Committee on Reduction of Nonessential Federal Expenditures, created by section 601 of Revenue Act of 1941, is hereby requested, in connection with the investigations provided for by such section 601, to investigate the need for the Regional Agricultural Credit Corporation and its reestablishment, to determine whether the making available of $225,000,000 of public moneys for lending purposes is an essential or nonessential expenditure and to determine whether the consolidation of all agricultural lending agencies of the Government, or the correlation of the functions of such agencies with the services of private lending agencies, would result in the conservation of public moneys and release manpower and materials to other essential activities.

INTRODUCTION

In order to present a complete picture of the regional agricultural credit corporations in their relation to the Federal agricultural lending policy, it will first be necessary to trace briefly the creation and history of these organizations followed by a description of their operation and personnel. Testimony by farmers, merchants, and bankers given at the hearings held by the committee will then be presented. Following this, the report will show that there is widespread duplication in the various lending and credit organizations of the Department of Agriculture. The probability of future evils emanating from the regional agricultural credit corporations' program will then be explored and conclusions and recommendations made.

RECOMMENDATIONS

The committee make the following recommendations:

1. That the Department of Agriculture immediately discontinue the lending activities of the Regional Agricultural Credit Corporation loan program.

2. That Congress consider legislation providing for the immediate liquidation of the regional agricultural credit corporations, and that all funds not needed in the liquidation of such corporations be returned immediately to the Treasury of the United States.

3. That the Secretary of Agriculture immediately advise Congress as to how the various lending agencies of the Department of Agriculture can best simplify and consolidate their activities in order to prevent duplication and overlapping in the power to loan funds, thereby reducing to a minimum the personnel engaged in such lending activities as well as the cost of administration.

4. That the Congress enlarge the statutory authority of the emergency crop and feed loan program of the Farm Credit Administration, which is already in existence, in order to provide credit for farmers when such a need is required in furtherance of the war food production program. Senate bill No. 715 is now before the Senate Agriculture Committee.

5. That the Secretary of Agriculture immediately issue a regulation requiring that the various agricultural lending agencies discontinue the solicitation of borrowers.

6. The committee express the hope that existing private banking institutions will make available agricultural loans at interest rates as low as possible consistent with the nature of the security pledged therefor.

NEW CREDIT FACILITIES WILL NOT SOLVE THE FARMER'S PROBLEM

After careful consideration of all the facts the committee is forced to the inescapable conclusion that an increased production of food is not dependent upon new sources of credit. The farmer's vital need is manpower and machinery. The following analysis shows that the regional agricultural credit corporations are nonessential and in effect are duplicating the lending activities of other Federal agricultural lending agencies.

The committee does not believe that a sufficient attempt was made to use existing agencies. Concomitantly the committee does believe that it is unnecessary to revive an agency for the purpose of making available funds when existing agencies might well perform the needed duties.

HISTORY OF THE REGIONAL AGRICULTURAL CREDIT CORPORATION

In 1932 the regional agricultural credit corporations were created under the Emergency Relief and Construction Act to supply farmers with short-term credit which at that time and for several years thereafter was necessary for their existence.

In 1932 the total cash farm income in the United States was $4,743,000,000 (including Federal aid) and the total deposits available for loans in the banks of the United States amounted to $36,000,000,000. Latest figures show that for 1942 the total farm income was $16,100,000,000 (including Federal aid) and $88,000,000,000 was estimated to have been on deposit and available for lending purposes in the banks of the United States. This comparison shows that during the 10-year period from 1932 through 1942 farm income had increased about 240 percent and money available for loans in the banks of the United States had increased 144 percent. (See appendix 2.)

For several years after the creation of the regional agricultural credit corporations they functioned in accordance with the provisions of the Emergency Relief and Construction Act of 1932. (See appendix 5.) The language of that statute is clear and unequivocal in stating that the Secretary of Agriculture shall make loans or advances only "in cases where he finds that an emergency exists as a result of which farmers are unable to obtain loans for crop production during the year 1932," and in other cases where it was necessary to make "loans or advances to farmers who suffered from crop failures in 1931."

On March 27, 1933, pursuant to Executive Order 6084, the supervisory functions of the Reconstruction Finance Corporation over the activities and functions of the regional agricultural credit corporations were transferred to the Farm Credit Administration, and the activities of such corporations were curtailed because of the scope and short-term financing powers of the production credit associations and the Farm Security Administration.

On September 30, 1937, the Regional Agricultural Credit Corporation, of Washington, D. C., was created by the Farm Credit Administration through a reorganization by the merger of five regional agricultural credit corporations which had been dormant for about 3 years, with a total capitalization of $44,500,000.

On January 23, 1943, the Secretary of Agriculture stated that the Regional Agricultural Credit Corporation program was to be revived,

and through the Food Production Administration approximately $225,000,000 of Federal funds were to be available to farmers on a 1-year short-term basis at 5 percent.

OPERATION AND ACTIVITY OF REGIONAL AGRICULTURAL CREDIT CORPORATIONS

Evidence adduced at the hearings show that this new program is administered by the Farm Credit Administration of the Department of Agriculture, whose agents are located in more than 3,000 counties throughout the United States. The capital investment of $44,500,000 in the Regional Agricultural Credit Corporation, of Washington, D. C., is being utilized as the initial sum in inaugurating a general loan program involving two types of credit, namely, F–1 and F–2 loans. (See appendix 6.)

Generally speaking, F–1 loans are made to those engaged in agricultural pursuits in amounts varying from $1 to $25,000, depending upon the type of pursuit and purpose for which the money is to be used. Loans are limited to $7,500 to each borrower, except in the case of a dairy farmer who may obtain as high as $10,000 and a livestock producer who may obtain as bigh as $25,000. Usually, F–2 loans are made to those engaged in agricultural pursuits, who undertake, during the crop year 1943, the production of 18 designated "essential war crops." These special war-crop advances will be made in amounts ranging from $1 to $7,500 for most any purpose directly or indirectly connected with the production of these crops.

CREDIT BY PYRAMIDING

The financial activities of the Regional Agricultural Credit Corporation loan program are operated by the utilization of the $44,500,000 capital investment of the Regional Agricultural Credit Corporation, of Washington, D. C. By borrowing from or rediscounting with other lending institutions, principally the Federal intermediate credit banks, the corporation can then obtain loan funds of from between $200,000,000 and $225,000,000. In addition, the various regional agricultural credit corporations reestablished throughout the United States have authority to borrow from or rediscount with the Reconstruction Finance Corporation and the Federal intermediate credit banks.

PERSONNEL OF THE REGIONAL AGRICULTURAL CREDIT CORPORATIONS

The committee devoted considerable attention to the matter of how the Regional Agricultural Credit Corporation was to function, in view of the fact it appeared to be a new agency with employees and necessary clerical help in more than 3,000 counties throughout the United States. In each county loans are now being solicited and made by two Regional Agricultural Credit Corporation representatives. These two persons are usually the chairman of the county war board and one designated county loan agent of the Department of Agriculture. The chairman of the county war board, is, in most instances, the chairman of the Agricultural Adjustment Administration committee for the county. The county loan representative may be an employee

selected from either the Production Credit Association, National Farm Loan Association, Emergency Crop and Feed Loan Organization, Commodity Credit Corporation, Agricultural Adjustment Administration, or Farm Security Administration.

The Regional Agricultural Credit Corporation appoints a loan representative from the membership of the county war board, which comprises employees of each of the bureaus of the Department of Agriculture operating in the county. After being appointed, this loan representative is then selected by the county war board to work with the chairman of the war board in performing the functions of the lending program.

In each case applicants for Regional Agricultural Credit Corporation loans will be directed to appear before the Regional Agricultural Credit Corporation's agents in the applicant's county, who will consider the advisability of making such loans, and either approve or disapprove them. Their decision is final in most cases. When a loan is approved, funds are advanced thereon by the Regional Agricultural Credit Corporation. The paper is sent to either the Federal Intermediate Credit Bank, the Reconstruction Finance Corporation, or the Federal Reserve bank for discount.

Representatives of the Department of Agriculture stated at the hearing that in operating the Regional Agricultural Credit Corporation program, additional personnel would not be required. It seemed to be the intention of the Department to use employees of the Production Credit Association, Farm Security Administration, and Agricultural Adjustment Administration. Under this plan for borrowing personnel, the Farm Credit Administration would reimburse the various Bureaus of the Department of Agriculture for the services of these employees. From this it is clear that the agencies, from which in excess of 3,000 employees will be borrowed, either have surplus employees and are overstaffed or will need to hire additional employees to supplant those loaned the Regional Agricultural Credit Corporation program.

The testimony reveals that the Regional Agricultural Credit Corporation loan program is already in operation in 742 counties throughout the United States. A number of loans have already been made by the 742 county war board chairmen (Agricultural Adjustment Administration men), the 725 Production Credit Association men, and the 688 Farm Security Administration supervisors, who have thus far been appointed by the Farm Credit Administration and selected by the county war boards, respectively, as local representatives to solicit loans and carry out the purposes of this recently inaugurated Government loan activity.

DUPLICATION OF LENDING ACTIVITIES OF EMERGENCY CROP AND FEED LOAN PROGRAM, PRODUCTION CREDIT ASSOCIATION LOAN PROGRAM, REGIONAL AGRICULTURAL CREDIT CORPORATION LOAN PROGRAM, AND THE FARM SECURITY RURAL REHABILITATION LOAN PROGRAM

A. Production credit corporations and associations.

The Farm Credit Act of 1933 authorized the establishment of 12 production credit corporations, one in each farm credit district and one each at the locale of each credit association. The system as established provides credit for all types of farm and ranch operations.

Applications for loans may be made to the local production credit associations and to their field office representatives in the various counties in each State.

Local production credit associations, which are cooperative organizations of farmers and stockmen, make and collect the loans. The associations are supervised generally and capitalized partially by the production credit corporations. All voting stock in a production credit association is owned by its member-borrowers, who elect the directors from their number at their annual stockholders' meeting. Each stockholder has one vote regardless of the number of shares he owns. The directors elect the officers and the executive committee and also hire the employees.

The present annual interest rate in the continental United States is 4.5 percent and in Puerto Rico it is 5 percent. Loans are usually made for less than $50, and for a year period. The unpaid balance of certain types of loans may be renewed for a further period if the credit factors are satisfactory.

B. Emergency crop and feed loan program.

The regulations of the Farm Credit Administration, Department of Agriculture, governing emergency crop and feed loans, provide that the amount which may be loaned to any one borrower during the year shall not exceed $400 and that preference is to be given to farmers whose cash requirements are small. No loan will be made for an amount less than the sum of $10, and all loans will be made in multiples of 5. Notes bear interest, from maturity until paid, at the rate of 4 percent per year, and interest to the maturity date at the same rate will be deducted at the time the loan is made. Emergency crop and feed loans are made only to applicants who are unable to procure from other sources loans in amounts reasonably adequate to meet their needs. Farmers who have adequate security ordinarily are able to obtain needed funds from local production credit associations, banks, and individuals.

C. Rural rehabilitation loan program of Farm Security Administration.

When the Resettlement Administration was transferred to the Department of Agriculture by Executive Order No. 7530, dated December 31, 1936, its name was changed to the Farm Security Administration in accordance with the Secretary's memorandum of September 1, 1937.

Under the Farm Security Administration's rural rehabilitation loan program nearly 1,000,000 low-income farm families have been aided by loans for the purchase of farm and home supplies, machinery, equipment, livestock, seed, feed, and fertilizer needed for a fresh start on a sounder basis, for the refinancing of indebtedness, and for family subsistence.

Rural rehabilitation loans are limited to families unable to obtain adequate operating credit at reasonable terms from any other source and are repayable in 1 to 5 years at an interest rate of 5 percent.

The standard borrowers, numbering approximately 650,000, receive technical guidance and supervision from county farm-and-home-management supervisors. The standard loans are accompanied by a farm-and-home-management plan which the borrower family works out with the cooperation of the county supervisors and which provides for home production and preservation of food and feed, diversification

of farm enterprises, crop rotation, and soil conservation and soil-building practices.

Nonstandard rural rehabilitation loans are made to small farmers for emergency purposes, usually in stricken farm areas. Nonstandard borrowers number approximately 330,000. A farm-and-home-management plan is not required on this type of loan.

Small grants for subsistence only, in return for which poverty-stricken families do specified work on their farms or public lands, are made in cases of urgent need.

Under the community and cooperative services program, loans are also available to low-income farmers to organize small informal cooperatives through which they can jointly own and operate essential farm equipment.

Since the entrance of the United States into war, the Farm Security Administration has instituted a special "food for freedom" loan for rural families on tracts of land too small for regular farm operation to enable them to participate in the Nation's war effort by increasing production of food, both for home use and for the market. Loans to boys and girls of low-income farm families for club projects also are a part of the program to increase food and fiber production for war needs on the small farms of the country.

D. Comparison.

Already in existence, conceivably for identical, similar, or related purposes in the field of agricultural credit, are the lending facilities of 20 agencies of the Federal Government. (See appendix 3.) Three of these agencies, with separate staffs and administrations independent of each other, are now making and have been making loans identical in character with those of the Regional Agricultural Credit Corporation loan program and similar in most all respects to the commercial type loans of private lending institutions.

The committee are concerned with the overlapping and duplicating activities in which the recently reestablished Regional Agricultural Credit Corporation loan program is now engaged with respect to these particular loan agencies of the Federal Government which have been in operation for the past 5 or 10 years. The three lending agencies referred to, all in the United States Department of Agriculture, are (1) the emergency crop and feed loan section of the Farm Credit Administration, (2) the production credit associations of the Farm Credit Administration, and (3) the rural rehabilitation loan section of the Farm Security Administration.

The loan purposes of the newly reorganized and reestablished Regional Agricultural Credit Corporation loan program and those of these three agencies are similar in most, if not all, respects. The purpose of advances in each instance are the same, namely, for crop production and for such other purposes as are directly or indirectly connected with the production of agricultural commodities.

The loan limits of the Regional Agricultural Credit Corporation program are from $1 to $7,500 for most purposes, from $1 to $10,000 in the case of dairy production, and from $1 to $25,000 in the case of livestock production. Those of the emergency crop and feed loan program are from $10 to $400, those of the production credit associations, $50 and up. Rural rehabilitation loan limits, similarly, are from $1 up.

The term for loans advanced by the Regional Agricultural Credit Corporations, the emergency crop and feed loan section, and the production credit associations is, in each instance, 1 year. Farm Security Administration's rural rehabilitation loans run from 1 to 5 years.

Interest rates on the emergency crop and feed loans and the Production Credit Association loans are 4 percent and 4.5 percent, respectively, while those of the Regional Agricultural Credit Corporations loan program and the rural rehabilitation loan program are 5 percent per annum.

Security on all types of loans under each of these four programs is the same; that is, it consists of a lien on the crop, livestock, feed, or equipment and in addition the borrower is subject to unlimited personal liability.

Investigation shows that, as a practical matter, the conditions of commercial-type loans made to farmers by more than 21,000 country banks have been most liberal. The purposes for which this credit is extended to farmers is identical with the loan purposes of Federal agricultural lending agencies. (See appendix 6.) The interest rates charged by these institutions vary from 3 to 6 percent depending upon the current rate in effect in the particular Federal Reserve district. On the other hand, the interest rates of the Federal agricultural lending agencies vary from 4 to 5 percent. Usually, the loan term of the commercial-type credit advanced by country banks is the crop season, which varies from 6 months to 1 year. Correspondingly, the loan term of Federal agricultural lending agencies is 1 year. Loan limits of country bank members of the Federal Reserve System, for the purposes under consideration, extend up to 10 percent of the capital and surplus of the particular banking institution, whereas the loan limits of Federal agricultural lending agencies (outlined in appendix 6) extend from $1 to $25,000. In both cases the security for the loan is the same, namely, a lien on the crop or chattels of the farmer and unlimited personal liability, qualified only by the practical consideration that in the case of loan defaults the private banking institutions will probably exercise their legal rights more promptly.

E. Solicitation by regional agricultural credit corporations.

Further, in considering the competition given the country banks by the Regional Agricultural Credit Corporation program there was ample evidence that the Regional Agricultural Credit Corporation loan representatives were actively engaged in soliciting loans, through a concentrated publicity campaign, utilizing the radio and press. Although the representative of the Department of Agriculture denied this, exhibits introduced at the hearings and the testimony of several witnesses shown conclusively that the Regional Agricultural Credit Corporation program was being widely advertised in an attempt to induce farmers to utilize Government credit, and no attempt was being made to save this credit for those farmers who were unable to secure credit from the country banks.

FUTURE ASPECTS

During the course of the hearings and investigation into the need for the reestablishment of the Regional Agricultural Credit Corporation loan program on a large scale in every county throughout the United

States there were many instances in the testimony and facts which pointed to the possibility that the easy lending habits of Farm Security's rural rehabilitation loan representatives (appointed by the Farm Credit Administration and selected by the county war boards as loan agents of the Regional Agricultural Credit Corporation program, would gradually permeate the whole Regional Agricultural Credit Corporation loan program. The testimony revealed that thus far, 688 Farm Security Administration supervisors have already been appointed by the Farm Credit Administration and selected by the county war boards to assist in passing on loans made under the newly reorganized Regional Agricultural Credit Corporation loan program. One witness feared that, eventually, when the rural rehabilitation loan program of the Farm Security Administration was abolished, or even before that time, it would gradually be transformed into the Regional Agricultural Credit Corporation loan program. Thus, rural rehabilitation loan credit would continue to be dispensed on terms so advantageous to the borrower that the Government would be left without security and suffer heavy financial losses by reason of default.

TESTIMONY OF FARMERS, MERCHANTS, AND BANKERS

Representative American bankers testified that there was absolutely no useful purpose to be served by reviving the regional agricultural credit corporations. In part they state their position as follows:

> It is recognized that direct relief by the Government in times of serious economic stress may involve some granting of loans from public funds as a temporary emergency expedient. However, the continued practice in making uneconomic loans from public funds, without adequate consideration of the ability of the borrower to repay and with the losses socialized at the expense of the taxpayers, violates the principles on which credit rests and thereby endangers the foundation of a sound credit structure.
>
> We recognize the right of farmers or any other group to establish, operate, and maintain cooperative credit enterprises. We believe, however, that such institutions should be operated on a self-supporting basis and that income should be adequate to cover the costs of operation, including credit losses. Continuing losses of any such institutions should not be subsidized out of the Federal Treasury.
>
> The chartered commercial and savings banks of the Nation represent the largest source of all agricultural production credit. In the present emergency the banks in financing war production are ready and anxious to further marshal their resources to serve the Nation's credit needs in support of Food-for-Freedom in 1943.

This statement of policy was implemented by the testimony of bankers from both urban and rural communities, who pointed out that since both farm income and available credit in private lending institutions (banks) had increased tremendously within the past 10 years (see appendix 2), it was difficult to believe that the bottleneck today was caused by lack of credit. They were of the opinion that the Secretary of the Treasury shared this viewpoint.

The testimony of these witnesses showed that the revival of the Regional Agricultural Credit Corporation which is in addition to the 19 agricultural loan agencies already in existence (see appendix 3) would result in such competition with the country banks as to hinder their effectiveness in the sale of War bonds and stamps. They explained that the banks could ill afford to compete with a Government loan agency specializing in short-term financing at an interest rate

much below that which the banks were forced to charge and still render the public services which they were called upon to do by the Secretary of the Treasury. In addition to this, they pointed out that the Government with $225,000,000 will be embarking upon a precarious fiscal venture, which will encourage speculation.

It was shown that to date the banks of the United States have sold 85 percent of all the Defense and War Savings bonds and stamps and have made approximately 80 percent of all loans to farmers for the purpose of producing food.

These witnesses explained in no uncertain terms that the real problem with which the farmer was faced today was not lack of credit but lack of manpower and farm machinery. It was pointed out facetiously that, given all the credit possible, a dirt farmer cannot plant, cultivate, or harvest his crops without adequate manpower and farm machinery.

On February 17, 1943, several farmers from the Midwestern and Southern areas testified in complete unanimity regarding the activities of the regional agricultural credit corporations, believing that at this time a revival of that loaning agency would be wasteful and nonessential to the war program. These witnesses stated that a farmer is entitled to loans from many other similar agencies in the Department of Agriculture, and that this additional lending agency would provide credit for the poor risks which in effect would result in the Government's losing rather than gaining in the long run, both from the standpoint of the effectiveness of the program and the security with which it would be reimbursed.

These witnesses were concerned by the methods to be used by the regional agricultural credit corporations and believed that the pyramiding of $44,500,000 to $225,000,000 was a precarious business policy which would injure the financial structure of the country. They were agreed that the farmer needs farm labor and machinery but certainly not credit.

In the conduct of the hearings and during the investigation into the matters herein considered, the committee was fortunate in having the services and cooperation of the junior Senator from Nebraska, Hon. Kenneth Wherry. He furnished the committee with scores of letters from farmers all over the United States. Without exception these letters and those received by the committee expressed disapproval at the reestablishment of the regional agricultural credit corporations. Specifically, the farmers believed that there was a sufficient number of agricultural loan agencies at the present time. One farmer from Rupert, Idaho, states, "There's no more need for this new loaning bureau than a hog has for a shotgun."

CONCLUSIONS

1. The Regional Agricultural Credit Corporation loan program was created during the emergency of 1932 and 1933 in order to extend credit to farmers in the midst of a national drought. This particular credit emergency no longer exists. (See appendix 5.)

2. The revival of the Regional Agricultural Credit Corporation loan program duplicates wholly, or partially, the lending activities of 19 other Federal agricultural lending agencies performing identical, similar, or related functions. (See appendix 3.)

3. The Regional Agricultural Credit Corporation's loan program, by soliciting credit where the field is drastically limited, is depriving private lending institutions and country banks of their normal loan business.

4. The Regional Agricultural Credit Corporation's loan program may weaken the structure of over 11,000 country banks, which are carrying a great burden of the food-for-freedom program, and the direction of and collections from War bond sales in their respective communities throughout the United States.

5. The full and complete operation of the Regional Agricultural Credit Corporation in the wartime field of credit and in the war food-growing effort will impede rather than increase the production of food.

6. The greatest obstacle to the attainment of food-production goals in 1943 will not be lack of credit from another Government bureau but the diminishing supply of manpower available for work on the farms and the lack of farm machinery.

7. The services of the more than 3,000 full- and part-time employees who will be required in the administration of the Regional Agricultural Credit Corporation could be put to better use in some other phase of the war program.

8. The system for county clearance of loans under the Regional Agricultural Credit Corporation program is not based on sound business principles. It will foster loose lending practices and speculation, which will be chaotic to the national war food-growing effort.

9. In reestablishing the Regional Agricultural Credit Corporation loan program on such a large scale, it is evident that the Farm Credit Administration deemed it necessary to extend credit to farmers. (See appendix 4.) However, the committee was unable to find any evidence which indicated that more than a cursory investigation was made by the Farm Credit Administration of this problem.

APPENDIXES

APPENDIX 1

Statement by Kenneth S. Wherry, Senator From Nebraska, Statements of Farmer Witnesses, and Excerpts From Letters Received From Farmers

Senator Kenneth S. Wherry, who introduced Senate Concurrent Resolution 6, made a statement to the committee relative to the history and operations of the Regional Agricultural Credit Corporation, which in part is as follows:

If you will just give me a moment or two, Mr. Chairman, I would like to state something about the old R. A. C. C., because I am very well acquainted with it. It was originally established under the Hoover administration and was brought into existence at a time when the private lending agencies did not have money. We had had a drought. We had had a depression, many banks were low on deposits, and it was created by the administration at that time. It was set up by men who had had experience in lending money, and it did help the private lending agencies over the hill. It really served a very useful purpose. It was one organization that was well managed, well handled, and it provided the means whereby not only farmers got their money direct from the Government lending agency but it also helped the private lending agencies to withstand collapse because money was available from the Government. It continued to operate up until, as I recall it, about 1933, maybe the early part of 1934. That organization has not been liquidated, it still is a skeleton organization, but its usefulness and its purpose was terminated, almost, I would call it, self-terminated, because the private lending agencies began to get money, we got over the drought, we got crops, we got better prices. In 1933 or early 1934 the R. A. C. C. was practically liquidated because the farmers once again borrowed their money from private lending agencies. That is why it went out of the picture.

At that time the private lending agencies had about $36,000,000,000 on hand. I think there was no need at that time for the Production Credit Association to continue the work, because the money was available. At that time, I want you to know that the private lending agencies of this country had $36,000,000,000 on deposit, and now they have $86,000,000,000 on deposit. That is available to farmers of this country. If the R. A. C. C. was not necessary in 1934, with $36,000,000,000, it is my opinion that it is not needed now when the private lending agencies have $86,000,000,000 on hand.

Now, here is another thought. I believe that the chief bottleneck in the production of food is manpower. I am satisfied from the many, many letters I receive that the chief concern in the production of food is manpower. If you reestablish the R. A. C. C. you set up a new bureau, and that takes manpower. If you make these loans available, if you go out and solicit farmers to go on the land other than are now solicited by the Farm Security Agency, you simply take away from the farmer the hired man and put him in business for himself, where, if you leave him where he is, on a good farm, the chances are he will produce more of a surplus than he would if you give him the source of getting money from the reestablishment of the R. A. C. C. In other words, from a manpower point of view you do not gain anything, in fact, you lose, and putting a farmer under R. A. C. C. merely doubles what you are already doing, and I think would limit food production rather than increase it.

The committee received in evidence from Senator Wherry many letters relating to this resolution and excerpts from some of these are as follows:

We are opposed to the unfairness of the subsidized competition and we see no reason for a duplication of loaning services at a time when the country banks are able and willing to finance agriculture. (F. J. Poepl, Vermillion, Minn.)

Heretofore anyone seeking a loan from the Farm Security Administration office had to furnish a letter stating that the bank could not make the loan * * * Under the Regional Agricultural Credit Corporation plan such would not be the case, and they would solicit loans from everyone needing funds. This puts them in direct competition with banks. (F. R. Kingsbury, Ponca, Nebr.)

At a time when country banks are able and more than willing to fully finance agriculture, I see no sense in trying to duplicate the loaning services of these banks. (A. G. Berthot, Bozeman, Mont.)

Glad to note that you are introducing a resolution to investigate the many and various farm credit set-ups of our Federal Government. These institutions offering socialized credit cost the taxpayers very much more than their worth to the farmers. (Percy E. Heald, Chester, Vt.)

We oppose Government credit of all kinds for crop production. Banks here begging for crop loans. (Canton, Miss., Flora, Miss.)

It is my opinion that in the main banks not only can but will be glad to take care of the credit in their own community. (Richard McMullen, Stella, Nebr.)

For I want to tell you, as a man who was reared on a farm and has known intimately the agricultural situation in the Southeastern States for more than 40 years, that not only this but many of the other Federal lending agencies are absolutely unnecessary. In addition, their advantages, in that they do not have stockholders to account to and have taxpayers to pay their expenses and subsidize their operations, are rapidly allowing them to put the capitalistic system of finance, commerce, agriculture, and industry out of business. (H. Land Young, Atlanta, Ga.)

Not only are you on the right track in connection with this particular agency (Regional Agricultural Credit Corporation) but also in general, as it is certainly time these useless and expensive bureaus in Government be weeded out and that as far as possible private industry care for the needs of the people. (M. W. Dunlap, Douglas, Nebr.)

It is certainly time for Congress to give consideration—for if something is not done to stop the organization of Government agencies in the field of finance, we will be completely socialized in 3 or 4 more years—it is simply ridiculous for anyone to say that it is necessary to set up an agency to make loans of this type. The banks of our country are loaded with money and are seeking loans from every direction, so why set up an organization of this kind? It seems to me that many of these organizations are created to give a lot of people jobs. (C. R. Bell, Anniston, Ala.)

There certainly is no sense in trying to duplicate the loaning services of country banks at a time when banks are able and more than willing to fully finance agriculture. (Fred L. Zacharias, Blue Island, Ill.)

Several farmers from the agricultural areas of the United States testified before the committee.

Mr. C. D. Haskell, a dirt farmer of Laurel, Nebr., stated that the farmers in his locality are doing everything they can to produce food, and that—

farm credit was not a bottleneck but that the real trouble would come through the lack of manpower and farm machinery.

Mr. Haskell said that his son—

has had an application in now for a 15-foot disk for 8 months and he has not been able to get it.

Mr. L. M. Walker, Jr., commissioner of agriculture, State of Virginia, testified that there was no need of another agricultural credit agency to extend credit to farmers; that what the farmer needed was

manpower and machinery for the year 1943, and in answer to questioning by members of the committee stated:

> I can see how it would pull a man off a well-managed farm, managed by the owner, and put him on inferior land with cheap money, where he would be taking a chance.

And added:

> I can see no good in it for Virginia farmers.

Mr. Albert S. Goss, national master of the Grange, reviewed in some detail the organization and the operations of the R. A. C. C. He stated that in his opinion there was no need for another Federal credit agency. Mr. Goss stated:

> The stand of the Grange is that we do not believe the problem today is one of credit. Our problems are labor, equipment, and, in some few commodities, price. The Grange does not believe in Government lending, except in the case of an emergency where no other source of credit is available and credit is absolutely necessary. We do not think that those conditions prevail today. * * *
>
> We believe in both cooperative and private credit, and that the rates of interest charged and the terms of the loans should be such as to make the loans self-supporting.

Mr. Ralph W. Moore, representing the State Commissioner of Agriculture of Texas, testified that credit is available; that lack of agricultural manpower is a problem, as are farm prices without taking into consideration the cost of production. Mr. Moore was of the opinion that "the greatest waste of manpower is the United States Government itself" and that the Regional Agricultural Credit Corporation "is just another plan to further control and regiment the farmers."

APPENDIX 2

Comparative tables showing relation between total bank deposits and total farm income annually from 1932 to 1942

Year	Total bank deposits income United States (includes interbank deposits)	Total cash farm income (includes Federal aid)	Year	Total bank deposits income United States (includes interbank deposits)	Total cash farm income (includes Federal aid)
1932	[1] $45,390,269,000	$4,743,000,000	1938	$59,379,550,000	$8,168,000,000
1933	41,533,470,000	5,445,000,000	1939	64,576,694,000	8,684,000,000
1934	46,625,041,000	6,780,000,000	1940	71,153,458,000	9,145,000,000
1935	51,586,123,000	7,659,000,000	1941	78,549,329,000	11,830,000,000
1936	58,339,815,000	8,654,000,000	1942	[2] 102,000,000,000	16,100,000,000
1937	59,822,370,000	9,217,000,000			

[1] $36,000,000,000 estimated available for lending purposes.
[2] $88,000,000,000 estimated available for lending purposes.

APPENDIX 3

The following is a list of the 20 Government agencies engaged in lending Federal funds for agricultural purposes:

1. Central Bank for Cooperatives.
2. Commodity Credit Corporation.
3. Disaster Loan Corporation.
4. District Banks for Cooperatives.

5. Electric Home and Farm Authority.
6. Emergency Crop and Feed Loan Section.
7. Farm Credit Administration.
8. Farm Security Administration.
9. Federal Credit Unions.
10. Federal Crop Insurance Corporation.
11. Federal Farm Mortgage Corporation.
12. Federal Intermediate Credit Banks.
13. Federal Land Banks.
14. Land Bank Commissioner Loans.
15. National Farm Loan Associations.
16. Production Credit Associations.
17. Production Credit Corporations.
18. Puerto Rico Reconstruction Administration.
19. Regional Agricultural Credit Corporations.
20. Rural Electrification Administration.

APPENDIX 4

REGIONAL AGRICULTURAL CREDIT CORPORATIONS (12 U. S. C., 1940 ED., 1148, ET SEQ.)

SEC. 1148. REGIONAL AGRICULTURAL CREDIT CORPORATIONS; CREATION; CAPITAL; MANAGEMENT; LOANS; REDISCOUNTS; SUPERVISION.—"The Reconstruction Finance Corporation is authorized to create in any of the twelve farm credit districts where it may deem the same to be desirable a regional agricultural credit corporation with a paid-up capital of not less than $3,000,000, to be subscribed for by the Reconstruction Finance Corporation and paid for out of the unexpended balance of the amounts allocated and made available to the Secretary of Agriculture under Section 602 of Title 15. Such corporations shall be managed by the officers and agents to be appointed by the Farm Credit Administration under such rules and regulations as it may prescribe. Such corporations are hereby authorized and empowered to make loans and advances to farmers and stockmen, the proceeds of which are to be used for an agricultural purpose (including crop production), or for the raising, breeding, fattening, or marketing of livestock, to charge such rates of interest or discount thereon as in their judgment are fair and equitable, subject to the approval of the Farm Credit Administration, and to rediscount with the Reconstruction Finance Corporation and the various Federal Reserve banks and Federal intermediate credit banks any paper that they acquire which is eligible for such purpose. All expenses incurred in connection with the operation of such corporations shall be supervised and paid by the Reconstruction Finance Corporation under such rules and regulations as its board of directors may prescribe" (12 U. S. C., 1940 ed., 1148, approved July 21, 1932, 47 Stat. 713; 50 Stat. 704).

SEC. 1148a. REDUCTION OF CAPITAL STOCK OF REGIONAL AGRICULTURAL CREDIT CORPORATION; REVOLVING FUND FROM STOCK PROCEEDS.—"The Reconstruction Finance Corporation is authorized, with the approval of the Governor of the Farm Credit Administration,

to reduce the capital of any Regional Agricultural Credit Corporation by such action as may be suitable for the purpose. The funds made available by any such reduction shall constitute a revolving fund, all or any part of which shall be available for use from time to time by the Reconstruction Finance Corporation for the purpose of increasing, with the approval of the Governor of the Farm Credit Administration, the capital of any Regional Agricultural Credit Corporation" (12 U. S. C. 1148a, 1940 ed., approved June 16, 1933, 48 Stat. 273).

SEC. 1148b. ADDITIONAL POWERS OF REGIONAL AGRICULTURAL CREDIT CORPORATIONS.—"Each regional agricultural credit corporation, created under the authority of section 1148 of this title, in addition to the powers granted prior to August 19, 1937, shall have and, upon order and approval of the Farm Credit Administration, shall exercise the following rights, powers, and authority:

(a) Places of transacting business: "To conduct, transact, and operate its business in any State in the continental United States, in the District of Columbia and Puerto Rico."

(b) Borrow money: "To borrow money (other than by way of discount) from any other regional agricultural credit corporation, the Reconstruction Finance Corporation, or any Federal intermediate credit bank, and to give security therefor."

(c) Loans: "To lend any of its available funds to any other regional agricultural credit corporation at such rates of interest and upon such terms and conditions as may be approved by the Farm Credit Administration."

(d) Sale to or purchase from other like corporations: "To sell to or purchase from any other regional agricultural credit corporation or any other corporation formed by consolidation or merger as provided in section 1148c of this title, any part of or all the assets of any such corporation, upon such terms and conditions as may be approved by the Farm Credit Administration, including the assumption of the liabilities of any such corporation, in whole or in part" (12 U. S. C., 1940 ed., 1148b, approved August 19, 1937, 50 Stat 710).

SEC. 1148c. CONSOLIDATION OR MERGER; POWER OF FARM CREDIT ADMINISTRATION.—"The Farm Credit Administration shall have the power and authority to order and effect the consolidation and merger of two or more regional agricultural credit corporations, on such terms and conditions as it shall direct."

"The Farm Credit Administration is authorized to grant charters to, prescribe bylaws for, and fix the capital of, regional agricultural credit corporations which may be formed by the consolidation of two or more regional agricultural credit corporations, and to approve or prescribe such amendments to the charter and bylaws of any regional agricultural credit corporation as it may from time to time deem necessary. Corporations formed by the consolidation of two or more regional agricultural credit corporations, as herein provided, shall have all the rights, powers, authority, and exemptions; shall be subject to the same supervision and control; and shall have their expenses paid in the same manner as provided by law in respect to regional agricultural credit corporations organized under section 1148 of this title" (12 U. S. C. 1940 ed. 1148c, approved August 19, 1937, 50 Stat. 717).

Sec. 1148d. RIGHTS AND POWERS UNAFFECTED BY SECTIONS 1148B AND 1148C.—"Nothing contained in sections 1148b and 1148c of this title shall be construed as limiting the rights, powers, and authority granted prior to August 19, 1937, to the regional agricultural credit corporations, the Farm Credit Administration, or the Governor thereof by any acts of Congress or any Executive orders" (12 U. S. C. 1940 ed. 1148d, approved August 19, 1937, 50 Stat. 717).

APPENDIX 5

PROVISION OF LAW RELATING TO OPERATION OF REGIONAL AGRICULTURAL CREDIT CORPORATIONS CONTAINED IN RECONSTRUCTION FINANCE ACT AND EMERGENCY RELIEF AND CONSTRUCTION ACT OF 1932 (15 U. S. C., 1940 ED., 601 ET SEQ.)

SEC. 602. LOANS OR ADVANCES TO FARMERS.—"* * * *Provided*, That $50,000,000 of the amount so subscribed, and the expansion of same through the notes, debentures, bonds, or other obligations as set out in section 609 of this title (as in force prior to July 21, 1932), shall be allocated and made available to the Secretary of Agriculture, which sum, or so much thereof as may be necessary, shall be expended by the Secretary of Agriculture for the purpose of making loans or advances to farmers in the several States of the United States in cases where he finds that an emergency exists as a result of which farmers are unable to obtain loans for crop production during the year 1932: *Provided further*, That the Secretary of Agriculture shall give preference in making such loans or advances to farmers who suffered from crop failures in 1931. Such advances or loans shall be made upon such terms and conditions and subject to such regulations as the Secretary of Agriculture shall prescribe. A first lien on all crops growing, or to be planted and grown, shall, in the discretion of the Secretary of Agriculture, be deemed sufficient security for such loan or advance. All such loans or advances shall be made through such agencies as the Secretary of Agriculture may designate, and in such amounts as such agencies, with the approval of the Secretary of Agriculture, may determine. Any person who shall knowingly make any material false representation for the purpose of obtaining an advance or loan, or in assisting in obtaining such advance or loan under this section, shall, upon conviction thereof, be punished by a fine of not exceeding $1,000 or by imprisonment not exceeding six months, or both. * * *" (15 U. S. C. 1940 ed. 602, approved January 22, 1932, 47 Stat. 5, 714, 728; 54 Stat. 572).

APPENDIX 6.—*Comparison of certain loan programs of U. S. Department of Agriculture.*

Agency	Loan purpose	Loan limits	Loan term	Rate of interest	Security
				Percent	
I. Emergency crop and feed loan program.	Advances for crop and feed production	$10 to $400	1 year	4	Lien on crop and feed; unlimited personal liability.
II. Production Credit Association loan program.	Advances for crop and livestock production.	$50 up	do	4.5	Lien on crop or livestock; unlimited personal liability.
III. Reorganized Regional Agricultural Credit Corporation loan program:					
(*a*) F-1 loans	Advances for crop production, harvesting, marketing; purchasing, raising, breeding, fattening, and marketing of livestock; production and marketing of poultry, poultry products, and dairy products; purchase and repair of farm equipment cost of necessary labor and farm living expenses; existing obligations and accrued wages incurred in connection with current season's operations; payment of income taxes and taxes on real and personal farm property; payment of current interest on mortgage indebtedness and current installments on any amortized farm mortgage loan; payment of delinquent interest, taxes, and other obligations may be financed.	$1 to $7,500	do	5	Lien on crop; unlimited personal liability.
		$1 to $10,000	do	5	Lien on dairy products unlimited personal liability.
		$1 to $25,000 (livestock production).	do	5	Lien on livestock; unlimited personal liability.
(*b*) F-2 loans	Advances for financing actual current cash cost of producing and harvesting 18 designated "essential war crops" and delivering such crops for sale or for processing; cost of feed for work stock, seed, fertilizer, insecticides and spraying, labor, motor fuel and oil, repair of equipment, insurance on essential war crops; current expenses incidental to production of such crops. In case of crop failure the Regional Agricultural Credit Corporation stands the whole or partial loss in cases not covered by insurance.	$1 to $7,500	do	5	Lien on crop; limited personal liability; crop insurance.

IV. Farm Security rehabilitation loan program:					
(a) Standard-type loan, accompanied by farm and home management plan.	Advances to purchase farm and home supplies, machinery, equipment, livestock, feed, seed, and fertilizer needed for a fresh start on a sounder basis; refinancing of indebtedness.	$1 up	1 to 5 years	5	Mortgage on farm; lien on crops, seed, feed, fertilizer, equipment, etc.; unlimited personal liability.
(b) Non-standard-type loan, unaccompanied by farm and home management plan.	do	do	do	5	Do.
(c) "Food for freedom" loans:					
1. Loans to rural families on tracts of land too small for regular farm operation.	Advances to increase production of food for home use and for market.	do	do	5	Lien on crop; unlimited personal liability.
2. Loans to boys and girls of low-income farm families for club projects.	Advances to increase food and fiber production for war needs.	do	do	5	Lien on crop, food, and fiber.
(d) Grants	Subsistence	do			Grantee does specified work on farm or public lands.

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78TH CONGRESS
1st Session

SENATE

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No. 48

REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES

ADDITIONAL REPORT

OF THE

JOINT COMMITTEE ON REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES CONGRESS OF THE UNITED STATES

PURSUANT TO

SECTION 601 OF THE REVENUE ACT OF 1941

HOME OWNERS' LOAN CORPORATION



MAY 20, 1943.—Referred to the Committee on Appropriations and ordered to be printed

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CONGRESS OF THE UNITED STATES

JOINT COMMITTEE ON REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES

CREATED PURSUANT TO SECTION 601 OF THE REVENUE ACT OF 1941

HARRY FLOOD BYRD, Senator from Virginia, *Chairman*

ROBERT L. DOUGHTON, Representative from North Carolina, *Vice Chairman*

SENATE	HOUSE OF REPRESENTATIVES
WALTER F. GEORGE, Senator from Georgia.	THOMAS H. CULLEN, Representative from New York.
ROBERT M. LA FOLLETTE, JR., Senator from Wisconsin.	ALLEN T. TREADWAY, Representative from Massachusetts.
CARTER GLASS, Senator from Virginia.	CLARENCE CANNON, Representative from Missouri.
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GERALD P. NYE, Senator from North Dakota.	JOHN TABER, Representative from New York

HENRY MORGENTHAU, JR., *Secretary of the Treasury*

HAROLD D. SMITH, *Director of the Bureau of the Budget*

LETTER OF TRANSMITTAL

CONGRESS OF THE UNITED STATES,
JOINT COMMITTEE ON REDUCTION OF NONESSENTIAL
FEDERAL EXPENDITURES,
May 20, 1943.

The VICE PRESIDENT,
United States Senate.

SIR: In accordance with title 6 of the Revenue Act of 1941, Public Law No. 250, Seventy-seventh Congress, as chairman of the Joint Committee on Reduction of Nonessential Federal Expenditures, it gives me pleasure to present to you an additional report of this committee, which I ask that you lay before the Senate of the United States with a view to its being printed as a Senate document.

Respectfully submitted.

HARRY F. BYRD, *Chairman.*

REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES

REPORT ON THE HOME OWNERS' LOAN CORPORATION

REPORT TO THE PRESIDENT OF THE UNITED STATES, THE VICE PRESIDENT OF THE UNITED STATES AND PRESIDENT OF THE SENATE, AND THE SPEAKER OF THE HOUSE OF REPRESENTATIVES

In accordance with title 6 of the Revenue Act of 1941, Public Law 250, Seventy-seventh Congress, an additional report herewith is presented by the Joint Committee on Reduction of Nonessential Federal Expenditures.

In this report the committee will concern itself with the functions and activities of the Home Owners' Loan Corporation. First the history of that Corporation will be outlined. Then there will be presented the results of the committee's investigation and pertinent evidence adduced at the hearings on February 25 and March 29, 1943. Conclusions and recommendations will be made in the light of this evidence as it relates to congressional intent when the Home Owners' Loan Corporation was created.

At the outset the committee wishes to commend those who have been charged with the duty of administering the Home Owners' Loan Act, because it is believed that had not those persons been imbued with the desire to act quickly in the face of a national emergency the American home owner would not be in as favorable a position financially as he is today. However, the committee believes that the Federal Government should respond to a period of national economic prosperity just as quickly as it did to a period of depression and, therefore, it now seeks to determine when, in the best interests of the people, the Government should withdraw from the field of real-estate credit.

RECOMMENDATIONS

It is recommended:

1. That the Home Owners' Loan Corporation completely liquidate all of its holdings by the end of the fiscal year 1945 (June 30, 1945). Also, that such forced liquidation be legislatively guaranteed by an act of Congress, prescribing generally the manner in which it shall be effected.

2. That the Home Owners' Loan Corporation immediately plan, and for the next 2 years and 2 months execute, an intensive campaign among their mortgagors and lessees to induce them to increase their equity in their homes, to buy them outright, or to transfer their loans to a local home-financing institution.

Liquidation protects home owner.—In making its recommendation for an early liquidation of the Home Owners' Loan Corporation the committee was careful to provide that the home owner did not suffer.

Under the proposed legislation, or through independent action of the Home Owners' Loan Corporation, the transfer of the mortages and vendee accounts to private lending institutions will be accomplished so that the terms of the contracts are not changed in the least. In other words, under the method hereinafter outlined the only change, insofar as the home owner is concerned, will be that the same payments now being made to the Home Owners' Loan Corporation will thereafter be made to local home-financing institutions.

Also, under the proposed method of liquidation the present occupants of the properties owned by the Home Owners' Loan Corporation are given an opportunity to purchase them at current appraised values with down payments as low as 10 percent and terms not exceeding 15 years. Occupants who do not wish to take advantage of the offer will not be prejudiced, because these properties will be transferred to the Federal Housing Administration to be disposed of by that agency in the same manner as other properties held by that agency.

Liquidation will not increase Home Owners' Loan Corporation personnel.—Under the proposed method of liquidation the Home Owners' Loan Corporation need not increase its personnel. Provisions may be made for the utilization of personnel of other departments and agencies who can assist in the sale and transfer of the mortgages and vendee accounts to local private home-financing institutions. Upon complete liquidation the employees of the Home Owners' Loan Corporation will be transferred to other departments and agencies of the Government more closely connected with the war program.

History of the Home Owners' Loan Corporation.—Prior to the passage of the Home Owners' Loan Act, 1933, the Nation's home owners faced the imminent danger of great numbers of foreclosures, because of the absence of long-term real-estate credit at low interest rates. When the depression descended upon the country it was clear that the average citizen could not afford to continue the high payments which were customary in times of prosperity. Therefore, Congress set up the Home Owners' Loan Corporation to enable the home owner to save his property by extending to him the type of credit he needed. The hearings on the original bill show that there was no intent on the part of the legislators to have the Government enter the real-estate credit field in competition with private enterprise. The United States was then faced with a condition, not a theory, which called for immediate action and a practical approach. It is believed that the same practical approach has been taken by the committee in this report.

The Home Owners' Loan Corporation was created by the Federal Home Loan Bank Board [1] under statutory authority given the Board by the Home Owners' Loan Act of 1933.[2] The Federal Home Loan Bank Board was authorized to create a corporation which would be an instrumentality of the United States; which would have authority to sue and be sued in any court of competent jurisdiction; and which would be under the direction of such Board and operated by it under bylaws, rules, and regulations as the Board would prescribe for the accomplishment of the purposes of the act. The creating section also provided that the members of the Federal Home Loan Bank Board should constitute the board of directors of the Corporation.

[1] The Federal Home Loan Bank Board itself was created under the provisions of the Federal Home Loan Bank Act of 1932 (12 U. S. C., 1940 ed. 1421, approved July 2, 1932, 47 Stat. 725).

[2] 12 U. S. C., 1940 ed. 1461, approved June 13, 1933 (48 Stat. 128).

The provisions of the original Home Owners' Loan Corporation Act of 1933 have been amended by the acts of Congress of April 27, 1934 (48 Stat. 643), guaranteeing the bonds of the Home Owners' Loan Corporation and for other purposes; June 27, 1934 (48 Stat. 1264), defining the terms "home mortgage" and "real estate"; and August 11, 1939 (53 Stat. 1403), allowing the Home Owners' Loan Corporation to extend the period of amortization of home loans from 15 to 25 years.

The Home Owners' Loan Corporation was grouped with other agencies to form the Federal Loan Agency by Reorganization Plan I, part 4, section 402 (c), effective July 1, 1939 (4 Fed. Reg. 2730; 53 Stat. 1429), and later was transferred to the National Housing Agency under the immediate direction of the Federal Home Loan Bank Administration,[3] also a part of the National Housing Agency, by the terms of Executive Order 9070, dated February 24, 1942.

The Home Owners' Loan Corporation Act of 1933 expressly provides that the Home Owners' Loan Corporation shall operate under a board of directors composed of the members of the Federal Home Loan Bank Board and that the "members of the Board shall constitute the board of directors of the Corporation and shall serve as such directors without additional compensation." However, under the direction contained in Executive Order 9070, of February 24, 1942, the exclusive functions, powers, and duties of the board of directors of the Home Owners' Loan Corporation were given to the Commissioner of the Federal Home Loan Bank Administration, leaving the Corporation without a board of directors, whereas the language of the original enactment specified and still requires that there shall be a board of directors for the Home Owners' Loan Corporation. Under the terms of the First War Powers Act, 1941 (Public Law 354, 77th Cong., approved December 18, 1941), the Presidential authority extended to the "redistribution of the functions among the executive agencies," including "governmental corporations"; however, a further proviso in the same act states, that "the authority by this title granted shall be exercised only in matters relating to the conduct of the present war." Prior to the present conflict the termination date of the activities of the Home Owners' Loan Corporation had been provided for by two provisions of law [4] specifically relating to its liquidation. It is difficult to conceive that the Corporation is connected with the conduct of the war in such a manner as to come within the provisions of the First War Powers Act with respect to the redistribution of its functions and duties. Subsequent Executive action had the theoretical effect of dissolving the Home Owners' Loan Corporation as such, because of the abolition of the board of directors.

Purpose of the Home Owners' Loan Corporation.—The general purpose of the Home Owners' Loan Corporation was to grant long-term mortgage loans, at low interest rates, to distressed home owners who were unable to procure financing through normal channels, and to help stabilize the real-estate and home-mortgage field during the depression. Refinancing was accomplished by exchanging Home Owners' Loan Corporation bonds for home mortgages. Loans were

[3] Formerly Federal Home Loan Bank Board; became Federal Home Loan Bank Administration under the terms of Executive Order 9070, dated February 24, 1942.

[4] 12 U. S. C. 1940 ed. 1463 (k), approved June 13, 1933, 48 Stat. 129; and 15 U. S. C. 1940 ed. 712a, approved June 22, 1936, 49 Stat. 1647.

made by the Home Owners' Loan Corporation only to those who were otherwise unable to procure needed financial assistance and such loans were secured on dwellings valued at not more than $20,000 and accommodating not more than four families. Originally, loans were written for a term not to exceed 15 years, but by an amendment to the Home Owners' Loan Corporation Act, dated August 11, 1939 (53 Stat. 1403), this period was extended to a maximum of 25 years in cases where the borrower's circumstances and the condition of the security justified such an extension.

Interest rates.—Practically all loans were originally made at an interest rate of 5 percent per annum. In 1939 the Corporation made provisions to accept, until further notice, interest at the rate of 4½ percent per annum on all payments due on and after October 16, 1939, on the indebtedness of home owners to the Corporation arising from any loan, advance, or sale of property. On all purchase-money obligations taken on or after October 1, 1939, in connection with the sale of real property by the Corporation, interest was to be charged at the 4½-percent rate until otherwise directed by the Federal Home Loan Bank Commissioner.

Lending operations.—In accordance with law,[5] the Home Owners' Loan Corporation terminated its lending activities on June 12, 1936, at which time 1,071,824 loans had been made, which represented $3,093,451,321 for mortgage-lending purposes.

Since June 12, 1936, the date when its lending period ceased, the Home Owners' Loan Corporation has advanced approximately $175,000,000 more to its borrowers to help them meet tax payments, and its work has been that of assisting borrowers to keep their homes, liquidating its own loans, and disposing of properties it has been forced to acquire.

On March 31, 1942, the Home Owners' Loan Corporation was collecting on approximately 820,000 accounts, comprising 626,000 original borrowers and 134,000 purchasers of repossessed properties. However, 140,251 loans had been paid in full, which represented receipts amounting to $341,710,854.

Evidence adduced at hearings.—On February 25 and March 29, 1943, Mr. John H. Fahey, Commissioner of the Federal Home Loan Bank Administration, appeared before the committee and presented evidence showing the present activities of the Home Owners' Loan Corporation and to what extent it had liquidated since 1936.

Mr. Fahey stated that at its inception the Home Owners' Loan Corporation was authorized $200,000,000 for capital stock, which later was legislatively supplemented by a bond-issue authorization of $4,750,000,000. This allowed the Corporation to expand its investments to $4,950,000,000. Of this, $400,000,000 was authorized to be used in financing necessary repairs and reconditioning of homes securing the Corporation loans. Also, $300,000,000 was set aside by Congress for investments in the shares and deposits of qualified home-financing institutions.

The Mead-Barry amendment to the Home Owners' Loan Corporation Act passed in 1939, explained Mr. Fahey, was particularly timely, because it authorized the Home Owners' Loan Corporation to extend its loans under certain circumstances from the original 15 years up to as much as 25 years from the date such mortgage was written, and

[5] 12 U. S. C. (1940 ed.) 1463 (d), (e), (f), and (g).

forestalled the necessity of great numbers of foreclosures. The extension of the amortization period of 253,565 borrowers under the Mead-Barry Act, and thus eliminating their delinquency, Mr. Fahey believed, operated to retard the rate of liquidation of the Home Owners' Loan Corporation, because the payments on their loans were reduced by about 40 percent over what was necessary to liquidate within the original 15 years.

It was pointed out that the Home Owners' Loan Corporation between June 13, 1933, and June 12, 1936, received a total of 1,886,491 applications, and approved 1,017,821 loans. However, by June 12, 1936, the Corporation had completed its lending operations, and had in its portfolio mortgages of distressed home owners secured by properties in every community with a population of 2,500 or more and in all but 64 out of the total of 3,072 counties in the United States, and in Hawaii, Puerto Rico, and Alaska, as well.

Liquidation.—From 1936 until the present time, Mr. Fahey said the Home Owners' Loan Corporation has been engaged in an orderly process of liquidation. Original borrower and subsequent vendee accounts which amounted to $3,278,000,000 had been reduced to $1,567,000,000 by December 31, 1942, a reduction of 52 percent of the total loan amount, and the number of accounts had been reduced to 780,000 (appendix 1).

The present status of these accounts is as follows:

Mortgage loan and vendee accounts, classified by amortization

Number	Percentage of principal reduced	Estimated amount of balance
12,000	None	$46,023,720
28,600	10 percent	103,918,100
114,000	10 to 20 percent	355,261,600
132,900	20 to 30 percent	351,017,200
462,500	Over 30 percent	588,779,380
750,000		1,445,000,000

During the Corporation's existence it acquired 194,163 properties, but has sold 164,236 properties, which leaves 29,927 properties on hand. Fifty-one of these properties have been charged off for various reasons. On December 31, 1942, 1,745 properties were in the process of acquisition. The 31,621 properties owned or in the process of being acquired by the Corporation on December 31, 1942, had a capitalized value of $226,925,000.

Analysis by the committee.—Mr. Fahey stated the crux of the problem when he said, "No one can foresee the future," in order to ascertain at what time the Corporation should liquidate its holdings. The committee agrees. The only purpose of this investigation is to determine when the most opportune time should be.

At the hearings Mr. Fahey submitted the Corporation's December 31, 1942, condensed balance sheet (appendix 1) and a projection of estimated losses from forced liquidation over a 5-year period (appendix 2.) This projection was based upon current trends and present real-estate values. Mr. Fahey estimated that forced liquidation would result in the following losses for the years indicated:

	Net loss from forced liquidation
1944	$440, 114, 000
1945	351, 214, 000
1946	285, 046, 000
1947	229, 913, 000
1948	180, 449, 000

As shown in appendix 2, Mr. Fahey estimates that "total net loss from forced liquidation" at the end of 1945 would be as shown below:

1. Debtor accounts	$212, 654, 000
2. Property	78, 960, 000
3. Bond interest	6, 500, 000
4. Total losses	298, 114, 000
5. Less net income	12, 500, 000
6. Net losses	285, 614, 000
7. Add previous net losses	65, 600, 000
8. Total net losses	351, 214, 000

The committee carefully reviewed the estimated losses from a forced liquidation (appendix 2). It was stated that approximately $212,000,000 would be lost on "debtor accounts" if liquidation was within 2 years. Assuming that the Corporation is allowed 2 years and 2 months to liquidate as recommended by this report, and considering the fact that about 96 percent of the vendee accounts are current or less than 90 days delinquent, and the fact that the average loan balance is approximately $2,000, the committee believes that liquidation by June 30, 1945, will not result in a loss of over $100,000,000 on debtor accounts.

The Corporation estimates property losses in a 2-year liquidation period to be $78,000,000. This appears reasonable if the property is disposed of at 30 percent off the book value of $226,925,000. Recognizing, however, that the book value of this property is a highly controversial item, and cannot under any circumstances represent the market value, it is conceivable that the properties might be sold higher than at 30 percent off-book value, particularly if the resident is given an opportunity to purchase the property with the Home Owners' Loan Corporation selling the paper (vendee account) along with the remainder of its assets.

The same table (appendix 2) shows that the Home Owners' Loan Corporation estimates a bond interest loss of $6,500,000 if liquidation occurred within 2 years. It is pointed out that by June 30, 1943, the following unmatured bonds will be outstanding:

3-percent series A, callable for payment May 1, 1944	$778, 578, 075
1½-percent series M, callable for payment June 1, 1945	754, 904, 025
1-percent series Q, callable for payment at anytime	225, 000, 000

Thus by June 30, 1945, all bonds may be retired, and the Federal Treasury will benefit to that extent. The committee believes that insofar as the Federal Government as a whole is concerned this loss item should be eliminated entirely, because at no time are these funds idle. From investments in mortgages the funds move directly to the United States Treasury. There is no loss to the United States Government. Further, the Home Owners' Loan Corporation does not carry this as a loss item if liquidation is assumed to occur in 1946.

The estimated loss statement carries an item of $65,000,000 designated as "previous net losses." Since the 1944 column in the Home

Owners' Loan Corporation estimate contains an item of $63,000,000 opposite "previous net losses" it is illogical to assume that a $65,600,000 loss will be sustained by liquidation in 1945 as compared with any other year. It distorts the true picture of the liquidation process to show past cumulative net losses as a part of the loss which will be sustained by liquidating on any date prior to the time such losses could be wiped out by a net profit as a result of shrewd business operation.

From the estimates furnished by the Home Owners' Loan Corporation, the committee was unable to determine which of the entries in appendix 2 included costs for operating the Home Owners' Loan Corporation for each of the years during the 5-year period. However, if it is assumed that this expense is taken into consideration under "net income" then the true picture should include an additional item of $10,000,000 (estimated annual operating expense), which brings the gross income up to approximately $22,500,000.

From the foregoing analysis the following table shows what the committee believes is a more correct picture of loss to the Federal Government if liquidation is ordered by June 30, 1945.

Estimated losses from liquidation by June 30, 1945

1. Debtor accounts		$100,000,000
2. Property		78,000,000
3. Bond interest		
4. Total losses		178,000,000
5. Gross net income	$22,500,000	
6. Operation expenses	10,000,000	
7. Less net income		12,500,000
8. Net losses from forced liquidation		165,500,000
9. Add cumulative net loss		65,600,000
10. Total net loss		231,100,000

In other words the committee believes that possibly the estimated losses computed by the officials of the Home Owners' Loan Corporation are excessive by $120,000,000. Therefore, it is clear that discounting the original $200,000,000 appropriated by Congress the complete liquidation of the Corporation would result in a loss of only $31,000,000.

Manner of liquidation.—The committee has been aware throughout its consideration of this problem that the Government would sustain a loss, regardless of when liquidation took place, but agrees with Mr. Fahey when he said:

> The influence which the Congress exerted by the Home Owners' Loan Act, has had far-reaching effects in revolutionizing the home-mortgage business in the United States. It gave a very definite impetus to the development of the sound, long-term, amortized mortgage, at a reasonable rate of interest. As a result, the amortized mortgage principal is now pretty generally accepted over the country and, when the Federal Housing Administration was set up, that organization followed the same principle.
>
> The immediate effect, of course, was to end the mortgage panic and to check promptly the threat of foreclosure on millions of homes. Real-estate values were stabilized, mortgage lending markets were strengthened, and help was given to towns and cities which found themselves financially mired because of excessive tax delinquency.

Mr. Fahey has said, and the committee agrees, that liquidation of the Home Owners' Loan Corporation presents a difficult problem. The real question, however, is whether the task will be any easier or any more advantageous to the Government at a later date than at present. The committee thinks not.

The committee believes that the time has come to put the liquidation machinery into full operation, and trusts that the Home Owners' Loan Corporation will carry out the recommendations of the committee in the same courageous and intensive way in which the affairs of that Corporation have been administered in the past.

Therefore, a bill is proposed to be introduced which will facilitate the liquidation of the Home Owners' Loan Corporation through the transfer and cash sale of its assets to individuals and to local banks, mutual savings banks, savings and loan associations, cooperative banks, trust companies, insurance companies, and other mortgage institutions. Legal consideration for such transfer and sale shall be either cash or United States bonds. The Corporation, upon the effective date of the act, should list all pertinent data concerning their holdings, and accept bids thereon which are equal to or in excess of the present balance, and the terms and conditions of these contracts shall not be changed. The Corporation should allow the present occupants of Corporation properties the opportunity of purchasing at current appraised values upon reasonable terms. All properties not sold should be transferred to the Federal Housing Administration. The Corporation when expedient should utilize personnel from all Government agencies which could lend aid in the interests of a more orderly process of liquidation. The complete liquidation should be effected by June 30, 1945.

APPENDIXES

APPENDIX I

Home Owners' Loan Corporation condensed balance sheet Dec. 31, 1942

ASSETS

Mortgage loans and vendee accounts	$1, 567, 366, 913. 24
Interest receivable	4, 678, 420. 87
Property owned and in process of acquiring title	226, 925, 126. 92
Total	1, 798, 970, 461. 03
Less reserve for losses	45, 796, 223. 76
Total	1, 753, 174, 237. 27
Investments, at cost	252, 311, 210. 00
Bond-retirement fund	13, 923, 872. 16
Cash	64, 430, 494. 99
Fixed assets, less reserve	2, 642, 806. 83
Other assets	655, 378. 67
Deferred and unapplied charges	112, 158. 12
Total	2, 087, 250, 158. 04

LIABILITIES

Bonded indebtedness	1, 951, 942, 975. 00
Accounts payable	25, 757, 855. 35
Accrued liabilities	5, 040, 639. 27
National Housing Agency home-conversion funds	13, 263, 383. 93
Deferred and unapplied credits	3, 778, 090. 35
Reserves	717, 850. 33

CAPITAL STOCK

Authorized, issued, and outstanding	$200, 000, 000. 00	
Less deficit	113, 250, 636. 19	
		86, 749, 363. 81
Total		2, 087, 250, 158. 04

APPENDIX 2

Home Owners' Loan Corporation estimated losses from forced liquidation

	1944 1	1945 2	1946 3	1947 4	1948 5
1. Debtor accounts	$242, 514, 000	$212, 654, 000	$185, 706, 000	$157, 993, 000	$127, 949, 000
2. Property	120, 000, 000	78, 960, 000	47, 040, 000	23, 520, 000	12, 600, 000
3. Bond interest	27, 100, 000	6, 500, 000			
4. Total losses	389, 614, 000	298, 114, 000	232, 746, 000	181, 513, 000	140, 549, 000
5. Net income	12, 500, 000	12, 500, 000	11, 500, 000	11, 000, 000	10, 000, 000
6. Net losses	377, 114, 000	285, 614, 000	221, 246, 000	170, 513, 000	130, 549, 000
7. Previous net losses	63, 000, 000	65, 600, 000	63, 800, 000	59, 400, 000	49, 900, 000
8. Total net loss from forced liquidation	440, 114, 000	351, 214, 000	285, 046, 000	229, 913, 000	180, 449, 000

78TH CONGRESS
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REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES

ADDITIONAL REPORT

OF THE

JOINT COMMITTEE ON REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES CONGRESS OF THE UNITED STATES

PURSUANT TO

SECTION 601 OF THE REVENUE ACT OF 1941

NATIONAL YOUTH ADMINISTRATION

MAY 24, 1943.—Referred to the Committee on Appropriations and ordered to be printed

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CONGRESS OF THE UNITED STATES

JOINT COMMITTEE ON REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES

CREATED PURSUANT TO SECTION 601, OF THE REVENUE ACT OF 1941

HARRY FLOOD BYRD, Senator from Virginia, *Chairman*
ROBERT L. DOUGHTON, Representative from North Carolina, *Vice Chairman*

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GERALD P. NYE, Senator from North Dakota.	JOHN TABER, Representative from New York.

HENRY MORGENTHAU, JR., *Secretary of the Treasury*
HAROLD D. SMITH, *Director of the Bureau of the Budget*

LETTER OF TRANSMITTAL

CONGRESS OF THE UNITED STATES,
JOINT COMMITTEE ON REDUCTION OF NON-ESSENTIAL FEDERAL EXPENDITURES,
May 24, 1943

Hon. HENRY A. WALLACE,
The Vice President of the United States.

MY DEAR MR. VICE PRESIDENT: In accordance with title 6 of the Revenue Act of 1941, Public Law No. 250, Seventy-seventh Congress, as chairman of the Joint Committee on Reduction of Nonessential Federal Expenditures, it gives me pleasure to present an additional report from the committee, which I ask that you lay before the Senate of the United States, with a view to its being printed as a Senate document.

Respectfully submitted.

HARRY F. BYRD,
Chairman.

REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES

REPORT ON THE NATIONAL YOUTH ADMINISTRATION

The Joint Committee on Reduction of Nonessential Federal Expenditures was established pursuant to title 6 of the Revenue Act of 1941 (Public Law 250, 77th Cong.), approved September 20, 1941, which directed it to—

> make a full and complete study and investigation of all expenditures of the Federal Government with a view to recommending the elimination or reduction of all such expenditures deemed by the committee to be nonessential, and to report to the President and to the Congress the results of its study, together with its recommendations * * *.

Pursuant to this authority the Joint Committee on Reduction of Nonessential Federal Expenditures has constantly sought facts which reveal the essential or nonessential character of Federal spending, and which have been the basis for numerous recommendations to Congress.

One such organization which has been scrutinized is the National Youth Administration. On the basis of studies and hearings, hereinafter described, the committee is able to make the following recommendations.

RECOMMENDATIONS

1. It is recommended that the National Youth Administration be abolished on June 30, 1943, and that its equipment and facilities be made available either to essential war agencies or through sale to private industry at the discretion of the Director of the Bureau of the Budget as provided for in Executive Order 9235.
2. It is recommended that the personnel be transferred to necessary war work.
3. It is recommended that the Department of Labor and the War Manpower Commission make every effort to assist the war industries to carry on their own industrial training programs.

ELIMINATION OF NATIONAL YOUTH ADMINISTRATION FROM 1944 BUDGET

Consequently the committee believes that no part of the $59,304,000 requested for the National Youth Administration as a part of the War Manpower Commission budget should be granted for the fiscal year 1944.

The basis for the foregoing recommendations is to be found in the following pages. From these it will be seen that the training program of the National Youth Administration is very similar to that of the Office of Education and of a number of other Federal bureaus.

Moreover, it will be seen that in a comparison of cost, personnel, the number of trainees, and the number of training stations, the National Youth Administration does not compare favorably with similar groups; that waste in the National Youth Administration is evident in the use of funds, equipment, and manpower; and that duplication and overlapping of functions occur among the war-training programs of the National Youth Administration, the Office of Education, and other Government bureaus.

THREE-FOURTHS BILLION TO THE NATIONAL YOUTH ADMINISTRATION

The total amount allotted and appropriated to the National Youth Administration from 1935 through 1943 cannot be estimated to the penny, but it is possible to state that the following table reasonably approximates the appropriations and allocations made since its inception in 1935.

Total appropriations and allocations to the National Youth Administration

Emergency Relief Acts appropriations, 1935–1938	$335, 501, 239
Administrative expenses paid from Works Progress Administration, 1935–38	9, 847, 358
Total	345, 348, 597
Less amount returned to master account	5, 373, 152
Total	339, 975, 445
Regular appropriations, 1939–43	431, 439, 000
Total	771, 414, 445

Thus, during its varied career under the Works Progress Administration, the Federal Security Administration, and the War Manpower Commission, the National Youth Administration has been appropriated $771,414,445. This sum includes $61,274,000, the appropriation for 1943. That there is no longer any need for such expenditures is apparent from the following discussion.

DUPLICATION OF PURPOSE

It may be stated unequivocally that the National Youth Administration does in effect duplicate, overlap, or perform functions similar to those of six other Government bureaus as well as conduct training for which the Federal Government is already paying large sums of money to private industry. By reason of this multiple duplication of effort, manpower, equipment, and money, if for no other reason, the National Youth Administration no longer seems to justify the appropriations it receives.

To prove that the National Youth Administration is duplicating other bureaus in its functions, it will be necessary to examine the programs of a number of agencies performing similar duties. The War Manpower Commission has published a bulletin revealing that the following groups under its control deal with war training:

1. Training Within Industry Service advises on over-all on-the-job training problems and is specifically assigned to promote production training through specific training programs for supervisors, instructors, and training directors.

2. Apprentice and Training Service advises on over-all training problems and is specifically assigned to promote production training through development of complete training programs which provide on-the-job training coordinated with the training services supplied by other agencies.

3. Vocational Training for War Production Workers (formerly Vocation Education, National Defense), United States Office of Education, in cooperation with State and local vocational schools, is specifically assigned to give training of less than college grade to war production workers.

4. Vocational Training for Rural War Production Workers, in cooperation with State boards for vocational education and local departments of vocational agriculture, is specifically assigned to give training of less than college grade in the production of farm commodities and in the repair, operation, and construction of farm machinery and equipment.

5. Engineering, Science, and Management War Training, United States Office of Education, in cooperation with colleges and universities, is specifically assigned to offer training of college grade in engineering, chemistry, physics, and production supervision to train professional and technical workers for war industries.

6. National Youth Administration is specifically assigned to provide training to unemployed ,out-of-school youth between the ages of 16 and 25, in skills required in war industries.

7. The United States Employment Service is specifically assigned to deal with labor supply, make recommendations regarding training needs and on the most effective use of personnel in terms of the prevailing and anticipated labor requirements. The Employment Service will direct industry to the service assigned to give the training assistance needed.

In addition, according to testimony presented before the Joint Committee on Reduction of Nonessential Federal Expenditures by Mr. Aubrey Williams, Executive Director of the National Youth Administration, it is understood that industry itself is being paid in some instances as much as 2 percent on war contracts for the specific purpose of training apprentices or recruits in courses similar to, or supplementary to, those given by the National Youth Administration and the Office of Education. The Government apparently is paying industry to train youths and men for war jobs while it is at the same time carrying on similar training programs in its own organizations.

Specifically the program of the National Youth Administration duplicates that of the Office of Education in its defense training work as well as that of those other Government bureaus and industry itself. This is evident when one compares the functions of the National Youth Administration with those of that Office. The original purpose of the National Youth Administration—to provide work relief for persons no longer in regular attendance at school—has largely been supplanted by the purpose outlined in the provisions of the appropriation act for the National Youth Administration:

to provide employment and work training for unemployed young persons of the ages of 16 to 24, inclusive, on resident and nonresident workshop and other projects approved by the Chairman of the War Manpower Commission as needed in the prosecution of the war in furnishing work experience and work training preparatory to employment in occupations in which there is a present or potential shortage of labor.

Similarly, the United States Office of Education assists the States in organizing and conducting vocational courses of less-than-college graduates through—

(*a*) Courses supplementary to employment in occupations essential to national defense,
(*b*) Preemployment courses, and
(*c*) Refresher courses for workers with some previous occupational experience.

In addition to the foregoing, the Office of Education has within its scope the following:

To assist the States in the organization and conduct of vocational courses and related or other necessary instruction for out-of-school, rural, and nonrural persons; cooperate with the States in determining the necessary equipment and supplies to be purchased from Federal funds. Appropriate Federal funds among the States for such programs. Approve or disapprove proposed expenditures for the purchase or rental of additional equipment and rental of additional space for such programs. Administer an appropriation of $5,000,000 to help, by loans, needy college students who can complete in 2 years their study of physics, engineering, medicine, dentistry, and pharmacy.

Obviously, then, there is a duplication of purpose in the stated objectives of the two organizations. This duplication becomes alarming when viewed from the standpoint of cost.

DUPLICATION IN 1944 BUDGET ESTIMATES

In addition, it must be noted that the 1944 appropriation estimate for the National Youth Administration contains the following provisions:

1. It entirely removes appropriations for school-work programs.
2. It provides that the Chairman of the War Manpower Commission may issue exemptions from the age provisions previously designated.

The first of these two provisions, in deleting the school-work appropriations, removes the principal purpose for which the National Youth Administration was originally established and places it entirely in a field of duplicating activity. The second provision, in providing for the removal of the age limitation, completes the duplication of purpose with other Government agencies which the National Youth Administration had previously avoided in part at least by limiting its training to youth between 16 and 24 years of age.

COSTS COMPARED

It is impossible to estimate the costs to the Government resulting from the training clauses written into war contracts with private industry. Much of the war-training program is in the hands of private industry and, with contracts running up to the multiple millions of dollars, it would not be surprising to find that relatively large sums of money are being paid by the Government to private industry for its training program. The total amount expended may be conjectured when it is remembered that, according to testimony presented before the committee, as much as 2 percent on some war contracts is paid for training purposes.

Compared to this the amounts appropriated to the National Youth Administration and to the Office of Education dwindle into insignificance. Indeed one may well wonder what benefit such amount can possibly produce when compared to the large amount which the Government is evidently paying to industry for the same work.

Of the $61,274,000 appropriated to the National Youth Administration for the fiscal year 1943, $49,729,000 or 80 percent goes directly into

the war-production training program. In addition, $8,000,000 is earmarked for student aid, while the remaining 3,545,000 goes for salaries, administrative expenses, and printing and binding.

The Office of Education was appropriated $141,240,000 for defense training during the fiscal year 1943. Of this sum at least $109,000,000 duplicates the sums spent by the National Youth Administration in similar enterprises. In addition to this, other large sums of money have been directed into uses comparable to or complimentary to those appropriated to the National Youth Administration and to the Office of Education. From a study of the following table it may be discerned that a large portion of $302,783,051 is allocated through Government bureaus to national defense training, and that this does not include such sums as are provided in defense contracts with private industry.

Division:	*Appropriation*
Training Within Industry	$1, 145, 000
Apprentice Training	915, 501
National Youth Administration	61, 274, 000
Vocational Education	14, 301, 140
Office of Education, education and training:	
1. Payments to States, etc., for national defense:	
(*a*) Cost of vocational courses of less-than-college grade	94, 000, 000
(*b*) Short courses of college grade	30, 000, 000
(*c*) Vocational courses, rural	15, 000, 000
2. Visual aids for training, national defense	1, 000, 000
3. Salaries and expenses, national defense	1, 240, 000
Social Security Board: Selecting, testing, and placement of defense workers	2, 467, 670
Bureau of Employment Security: Salaries	1, 816, 740
Grants to States for unemployment-compensation administration appropriations necessary to operate U. S. Employment Office facilities; and appropriations for services essential to national defense program	79, 650, 000
Total	302, 810, 051

HOW THE MONEY IS SPENT

A comparison of the National Youth Administration expenditures with those of the Office of Education reflects the more excessive cost of the former. The table below, while it does not present the whole picture, does provide some basis for comparison.

Expenditures of the National Youth Administration and the Office of Education Compared

	National Youth Administration	Office of Education
Youth work	$49, 729, 000	
Short courses of less-than-college grade		$94, 000, 000
Rural training		15, 000, 000
Total defense training	49, 729, 000	109, 000, 000
Student aid	8, 000, 000	
Courses of college grade		30, 000, 000
Visual aids training		1, 000, 000
Salaries and expenses	3, 500, 000	1, 240, 000
Printing and binding	45, 000	

Thus it will appear that although the National Youth Administration spends approximately only half as much on defense training as does the Office of Education, yet its salaries and expenses are three times as high. Judging from the Budget estimate for the coming year no substantial cut is anticipated. However, it must be borne in mind that the Office of Education does not meet all the expenses borne by the National Youth Administration. The cost of equipment, rent, and instruction is frequently taken care of by arrangement with school authorities. Nevertheless this adverse ratio of 6 to 1 must be considered in evaluating the relative training value of the National Youth Administration.

Moreover, the cost of training in the National Youth Administration program is much higher than similar costs in the Office of Education training program. This difference is found principally in the items of youth wages and subsistence and in administration and supervision costs. This the following tabulation makes clear:

Costs of the National Youth Administration training compared with cost of Office of Education Training

	National Youth Administration	Office of Education
Salaries	$13.75	$16.60
Supervision and administration	13.23	3.74
Youth wages and subsistence	19.88–38.34	
Other costs	12.48	8.78
Total	59.34–77.80	29.12

These figures, actually in a 2½ to 1 ratio, while perhaps not presenting an absolute comparison by which to judge the relative expenses of the National Youth Administration and the comparable training offered by the Office of Education, do reflect the excessive costs of the National Youth Administration in wages and subsistence and in supervision and administration. Because the Office of Education is not dependent upon creating its own establishment and its accompanying equipment, the costs of administration are not so high. The flexibility must not be overlooked in comparing the merits of the two programs.

Yet the relatively high cost of the National Youth Administration training must be still further increased if this agency is to augment its training program. According to testimony presented before the committee there are two ways in which the number of National Youth Administration trainees may be increased. One is by removing the present enrollment restriction, but this would in effect place the National Youth Administration in a position of duplicating the training programs of the other Government agencies and those of private industry to an even greater extent than at present. The other method of increasing enrollment and thus bringing back into use the idle work stations is by an increased incentive to trainees—higher pay.

The present rate of 16 cents per hour the National Youth Administration proposes to boost 150 percent to an average wage of 40 cents an hour for youth training. Such a high rate of pay for training will of course inevitably raise the cost of the National Youth Administration program tremendously and will make comparisons with the present Office of Education training costs much more unfavorable than they now are.

BUREAUCRATIC OVERSTAFFING

At least a partial explanation of the high cost of the National Youth Administration training is to be found in the excessive number of supervisory and administrative personnel. From a viewpoint of personnel there is revealed a disproportionate number of administrative employees which the number of trainees and the number of direct-shop supervisors does not justify.

Number of nonyouth personnel in pay status

Administrative personnel:	
National offices	236
Regional offices	708
Project personnel:	
Project management	3,143
Direct shop supervision	4,771
Subsistence activity supervision	2,094
Property, transportation, and maintenance supervision	854
Total	11,806

The above tabulation shows that on October 28, 1942, the National Youth Administration had 11,806 paid employees in its administrative personnel to train 53,000 youths. This is about 1 paid employee to every 4½ trainees. There were 7,035 persons engaged in administration, project management, and subsistence and property supervision while there were only 4,771 persons doing actual shop supervision of trainees. In other words only 44 percent of the administrative and project personnel were in direct shop supervision.

DRASTIC DECLINE IN TRAINEES

The National Youth Administration estimates that, with the present funds available, it could maintain a monthly youth employment of approximately 70,000. Since the average training time is 2 months, approximately 420,000 youths could be trained during the course of a year. Actually the number of youth in training during the present fiscal year has approximated more closely 60,000 or 65,000 during any given month. This is borne out by Mr. Williams' testimony that 30,000 young people enter the National Youth Administration every month and 30,000 go out. Of this daily turn-over of 1,000 approximately 500 go into war industry.

These figures indicate a constant drop in the number of trainees, both resident and nonresident, from a high of 281,477 in July 30, 1941, to a low of 53,603 on November 25, 1942:

National summary—Out-of-school work programs: Number of youth under active assignment as of the last Wednesday of the month

	Combined programs	Training program [1]	Regular program
Last Wednesday of month:			
1941—July 30	281,477	57,297	224,180
Aug. 27	261,901	75,861	186,040
Sept. 24	239,829	76,752	163,077
Oct. 29	257,318	80,681	176,637
Nov. 26	263,621	77,358	186,263
Dec. 31	195,130	64,101	131,029
1942—Jan. 28	189,636	68,246	121,390
Feb. 25	182,851	67,736	115,115
Mar. 25	169,604	72,359	97,245
Apr. 29	139,579	70,464	69,115
May 27	128,254	70,661	57,593
June 24	123,579	82,327	41,252
July 29	83,580	83,580	----------
Aug. 26	68,030	68,030	----------
Sept. 30	53,912	53,912	----------
Oct. 28	53,327	53,327	----------
Nov. 25	53,603	53,603	----------

[1] During the fiscal year 1942 the training program was called Youth Work Defense Program. During the fiscal year 1943 the program is called War Production Training Program. No separate training program was operated during the fiscal year 1941 or prior years.

It is apparent from this tabulation that there has been a drastic decline in the National Youth Administration training program and that this decline has brought the total number of trainees well below the number which may be adequately trained by the supervision and training stations now on hand. To offset this, the National Youth Administration has made every effort to recruit trainees, even going so far as to place advertisements in the newspapers and to make announcements over the radio.

Much of this falling off of the program has been attributable to the loss of male enrollees for which the number of female trainees has been unable to compensate. The 53 percent males who are trainees are predominately in the younger-age groups as the following testimony of Mr. Williams suggests:

Male trainees, by age groups

	Percent of total		*Percent of total*
16 years old	5.7	21 years old	5.6
17 years old	28.2	22 years old	4.0
18 years old	26.5	23 years old	2.9
19 years old	15.3	24 years old	2.8
20 years old	9.0		

This tabulation as of October 14, 1942, indicates the decline in the number of draft-age males enrolled in the National Youth Administration programs and suggests the probable effect on the 18- and 19-year-old group when draft regulations take full effect. With 66 percent of the male trainees in the draft group, it is probable that the National Youth Administration faces complete break-down of its defense-training program.

On the other hand, the United States Office of Education program is much more extensive. This Office trains a total of 345,000 of which 162,000 are in preemployment training, 101,000 in supplementary employment training, and 82,000 in regular vocational

employment. Because of the very nature of the organization the matter of securing trainees is not a problem to the same extent found in the National Youth Administration.

COMPARISON OF TRAINING STATIONS

According to the United States Office of Education figures, it supports 56,053 training stations, of which 36,489 are provided by Federal funds and 19,564 by local and State funds. These training stations supply the needs of 85,915 preemployment trainees and 43,000 supplementary employees for a total of 128,920 trainees. In other words, the Office of Education program averages 2.3 trainees per station per day. According to the latest surveys of work stations and employees, the National Youth Administration had 53,722 trainees for 56,534 work stations. Of these stations 17,655 are now in storage.

Consequently, the average number of trainees per work station may be compared as follows:

Work station and trainee comparison

	Work stations	Trainees	Percent trainees per station per day
Office of Education	56,053	128,920	2.3
National Youth Administration:			
Total	56,534	53,722	.95
In use	38,879		1.4

Thus the National Youth Administration is using its total equipment less than half as efficiently as is the Office of Education, while from compilations based on stations actually in use, one finds the National Youth Administration training almost one person less per day per station than does the Office of Education.

There is a total number of 56,534 work stations owned by the National Youth Administration, 31 percent of which are not in use. Following is a table illustrating the large percentage of National Youth Administration work stations which are now in storage, not being used principally because of a lack of trainees.

National Youth Administration work stations in operation and in storage by States

State	Total number of work stations (adjusted)	Number in use (Oct. 28, 1942)	Number not in use (July 1942, adjusted)	Percent not in use	Number of youths under active assignment (Nov. 18, 1942)
Connecticut	300	300	0	0	372
Maine	914	724	190	21	776
Massachusetts	3,801	806	2,995	79	901
New Hampshire	202	127	75	37	126
Rhode Island	50	50	0	0	16
Vermont	208	208	0	0	205
New York	3,852	2,505	1,347	35	3,093
Delaware	24	24	0	0	16
New Jersey	1,168	839	329	28	639
Pennsylvania	3,170	3,170	0	0	6,067
District of Columbia	118	118	0	0	472
Maryland	543	487	56	10	405
North Carolina	1,380	1,079	301	22	1,879
Virginia	4,228	937	3,291	78	1,215
West Virginia	1,112	896	216	19	2,093

National Youth Administration work stations in operation and in storage by States—Continued

State	Total number of work stations (adjusted)	Number in use (Oct. 28, 1942)	Number not in use (July 1942, adjusted)	Percent not in use	Number of youths under active assignment (Nov. 18, 1942)
Kentucky	1,113	1,009	104	9	2,379
Michigan	1,368	1,330	38	3	1,774
Ohio	1,979	1,769	210	11	2,711
Illinois	3,580	2,302	1,278	36	3,693
Indiana	1,075	1,075	0	0	1,595
Wisconsin	3,834	2,786	1,048	27	1,826
Alabama	807	769	38	5	1,227
Florida	740	654	86	12	983
Georgia	1,437	1,091	346	24	1,758
Mississippi	586	586	0	0	1,006
South Carolina	393	393	0	0	642
Tennessee	1,267	924	343	27	1,008
Iowa	1,099	1,085	14	1	809
Minnesota	978	884	94	10	1,250
Nebraska	380	324	56	15	253
North Dakota	315	259	56	18	342
South Dakota	325	325	0	0	347
Arkansas	796	740	56	7	1,352
Kansas	1,029	695	334	32	560
Missouri	1,312	1,081	231	18	1,490
Oklahoma	2,232	2,040	192	9	2,466
Louisiana	613	557	56	9	1,001
New Mexico	136	98	38	28	168
Texas	2,528	1,726	802	32	2,733
Colorado	880	193	687	78	292
Idaho	368	312	56	15	411
Montana	200	88	112	56	101
Utah	204	204	0	0	257
Wyoming	406	190	216	53	64
Arizona	119	119	0	0	182
California	1,743	628	1,115	64	523
Nevada	221	0	221	100	0
Oregon	200	162	38	19	86
Washington	1,201	211	990	82	158
Total	56,534	38,879	17,655	31	53,722

From the above tables it is evident that there is an amazingly small number of youth in defense training in certain States. The industrial State of Rhode Island has only 16; Delaware has a like number; Wyoming has 64; and Oregon 86.

Particularly notable is the number of work stations not in use. Massachusetts with only 806 work stations in use out of a total of 3,801 indicates the extent to which such disuse has taken place. California with 61 percent, or 1,115 of 1,743 work stations not in use, and Virginia with 78 percent, or 3,291 of 4,228 work stations in storage, are other outstanding examples. Of 221 stations in Nevada, not one is in use. Clearly, despite examples of full use, such as in Pennsylvania, where every work station is filled on an average of 2 shifts, the fact that 17,000 of these stations are in storage in the country as a whole is indicative that the National Youth Administration is not performing at capacity. With only two-thirds of its stations in use by an average of slightly more than 1 person per day the efficiency training rating of the National Youth Administration must fall somewhere about the 33-percent level if one were to take the Office of Education figure of 2 trainees per station a day as a tentative average.

PUBLIC CRITICISM

Despite the defense purpose of most of the National Youth Administration work, the committee has continued to receive numerous letters from a wide variety of sources, indicating indignation at the continued

expenditure of public money for the National Youth Administration. These criticisms, for the most part substantiated by factual examples, were based on the following:

1. The National Youth Administration is duplicating work performed by other Government agencies, private business, and trade schools.
2. Waste of equipment needed in war industries has been observed.
3. Administrative and instructive ineptitude has disgusted student and instructor alike.
4. The desire to perpetuate the National Youth Administration rather than to preserve an efficient training program has been observed.

CENSURE FROM EDUCATORS

According to experts in the field of education it is apparent that the National Youth Administration has gradually developed into a self-perpetuating agency distinct from the original purpose of providing relief and work relief. Consequently leading educational organizations have become alarmed at attempts to make the National Youth Administration a continuing agency because they think it now duplicates the program of the Office of Education and suggests the beginning of national bureaucratic control of education.

Local, State, and national education groups believe the National Youth Administration is now competing with the regular school program for vocational school training. They believe it will work toward centralized national control of education; that it will prove both more costly and less effective; that it will create inefficient use of the school plant; and that the National Youth Administration's original purpose is no longer followed. The report on the National Youth Administration by the Educational Policy Commission of the National Education Association and the American Association of School Administrators as of October 1941, states on page 26:

> The United States Commissioner of Education says the Nation has invested about $1,000,000,000 in buildings and equipment for trade and industrial education and that 15,000 of the 22,000 teachers of industrial courses are qualified to train workers for defense industries and that there are 1,000 experienced supervisors available, and that the school plant can accommodate 750,000 additional trainees. These figures suggest the futility of duplication. Many of these instructors have been giving part training to National Youth Administration enrollees and should be familiar with its administration and its effectiveness.

The National Education Association has repeatedly voiced this duplication as expressed in the following testimony before the Senate Committee on Education and Labor (quoted from p. 13):

> We of the National Education Association are therefore unable to see any fundamental difference between the National Youth Administration and the public schools in this matter of the kind of training which they provide. "Work experience," it seems to us, is not a matter of working for National Youth Administration wages or of producing some useful goods. It is a matter of learning to apply oneself continuously and industriously to a job, learning to work under supervision, learning to meet high standards of performance. These learnings, we believe, can and do take place in vocational school shops quite as well as in National Youth Administration shops. A boy in a public-school class, who receives no pay but wants to qualify for a job, will work just as industriously and just as skillfully as a boy in a National Youth Administration shop who is paid for his work and who also wants to qualify for a job. And if neither boy wants to qualify for a job, neither is likely to learn much about "work habits," wages or no wages. If the public-school boy needs money to pay his expenses while he is completing his training, that can be furnished through a student-aid program.
>
> It is therefore our conviction that the entire National Youth Administration training program, with its attendant production and service projects, should be transferred to the State and local educational agencies at the earliest possible date.

Funds necessary for the operation of the program should be allotted to the United States Office of Education, for distribution to the States. The activities transferred from the National Youth Administration should be made an integral part of the national defense training program, which is already being operated in public schools throughout the Nation. Resident centers, which are remote from the larger school systems, or which serve youth drawn from many communities, can be efficiently operated by State departments of education or State boards for vocational education. The shops and equipment purchased by the National Youth Administration can be turned over to State or local educational authorities and utilized in the national defense training program during the war and in the schools' permanent program of vocational education in the post-war period.

CONCLUSIONS

From the foregoing discussion certain inferences may be made regarding the National Youth Administration:

1. The National Youth Administration activities duplicate those training programs of various Government bureaus as well as those of industry itself. Although it is true that the National Youth Administration has carried its present training program to places where there are no vocational training facilities of a similar nature, nevertheless this does not necessarily argue for the continuance of the National Youth Administration, for other Government training programs can be carried to these very places should the expense and the results seem justified.

2. The cost of the National Youth Administration training is much higher than necessary. This cost would be more than doubled under the present proposed program to increase the number of trainees.

3. Recent figures indicate that the enrollment in the National Youth Administration has fallen off markedly while the number of female trainees is rapidly overtaking the number of males.

4. The National Youth Administration has been forced to depend more and more on boys beneath the draft age of 18 for its male trainees.

5. The equipment of the National Youth Administration is not being utilized to an extent commensurate with satisfactory results.

6. Only 50 percent of the youth trained by the National Youth Administration utilize these skills in war industry.

7. Educational groups fear that the National Youth Administration presages centralized educational control.

The committee's investigation of National Youth Administration has been thorough. Every fact obtainable of its administration, need, and cost is in the recorded testimony. Evidence challenging the National Youth Administration's continuance because of duplication, extravagance, and ineffective results came to the committee from all parts of the country. Some of it is submitted in the appendix of this report. The committee has examined every possible justification for the continuance of the National Youth Administration. It must confess it has found none.

Other vocational groups, in the Government and out, are at present covering the entire field that has been allocated to the National Youth Administration during the fiscal year 1943. The scope of this includes, as indicated above, all the functions of the National Youth Administration dealing with national defense. Consequently it is difficult to see why the National Youth Administration should not be liquidated as of July 1, 1943.

APPENDIX

The following are excerpts from a few of the many letters received from people in a position to observe the operation of the National Youth Administration from the standpoint of cost, duplication, and effectiveness. The committee has not attempted to investigate these statements but in view of their sources feels they deserve to be added to this report:

From Minnesota:

I am taking the liberty to inform you that in the State of Minnesota the so-called was production training projects that are now carried on by the National Youth Administration are just a duplication of the war production training program for war production workers carried on under the auspices of the United States Office of Education. As I see it, the only difference between the two is that our trainees are expected to attend the classes in the public schools without pay; on the other hand, the National Youth Administration pays their trainees for attending.

If the above situation is to be continued indefinitely, we will find that our public schools, with facilities far better than those possessed at the National Youth Administration centers, are being vacated and our students attending the National Youth Administration centers in order to receive $25 a month for taking training. (Harry C. Schmid, acting State director of vocational training for war production workers, St. Paul, Minn., December 14, 1942.)

From Massachusetts:

If the history of the National Youth Administration were ever written, I would say that it would be one of the most vicious attacks on the rights of the taxpayers of this Republic that we have ever known. This school has at the present time the most modern, up-to-date machine-shop equipment together with the most modern tools. There are instructors there drawing $12 and $15 a day who have had during the past month as few as two pupils some days, and some days those pupils would not come in. The attendance for the week of February 8 under the National Youth Administration:

	Pupils
Monday, Feb. 8	5
Tuesday, Feb. 9	6
Wednesday, Feb. 10	6
Thursday, Feb. 11	6
Friday, Feb. 12	8

This is the best attendance they have had in some time. There are 49 stations.

We have in the city of Quincy a trade school with an enrollment of 254 pupils, which is adjacent to the Quincy High School with an enrollment of 1,600 pupils. In the Quincy Trade School we have regularly from 62 to 72 pupils taking machine-shop practice. We are obliged to go out and get third- and fourth-rate lathes which should be sold for junk, while this up-to-date machinery is standing idle. If we had this machinery we could put it to work for defense purposes. It could be used to advantage. The large Bethlehem Shipbuilding Corporation is clamoring for machinists. (James N. Muir, superintendent, Quincy Public Schools, Quincy, Mass., March 15, 1943.)

From California:

The National Youth Administration has set up a defense training school in Compton for boys age 16 and over, paying these boys $24.80 per month for 2 months while going to school. Add to this, bus transportation furnished to haul Long Beach boys to Compton.

Continuation high school here (Long Beach) gives defense training for 16-year-old boys, but we do not pay $24.80 a month for our boys to go to school, nor do we furnish bus transportation. We thought it patriotic to prevent duplication of effort, save money, and do away with unnecessary transportation. (Excerpt from a letter to Congressman Johnson, January 19, 1943.)

From Kansas:

At the outset I wish to make it clear that I did not condemn the National Youth Administration in its original purpose, namely, that of providing subsistence and work experience for needy youth. Pursuant to that thought I record at the beginning of this statement that fact that I was perhaps the first schoolman in Kansas who offered to cooperate with the State director of the National Youth Administration in our State.

So far as supervisory, clerical, and administrative staff is concerned, it would be very easy for the vocational schools to absorb all of the training programs of the National Youth Administration for those who are capable of being trained to employability. While it is true that employers have lowered their physical and educational standards for employability, it is still true that the National Youth Administration, for some reason, is attempting to train a great many young people who for one reason or another, are almost incapable of being trained to employability.

While my sympathies are always with youth, and while I feel that we are apt to spend too little rather than too much in preparing them for their life work, I am still convinced that the National Youth Administration in Kansas has been notoriously extravagant. It has done so many things for youth that youth should have done for itself. It has been extravagantly overstaffed and in many cases overequipped.

One case of notoriously extravagant and bad planning was the building of a fine machine shop and foundry at a lake several miles from a railroad and several miles from a main highway. It is out in what we call the Flint Hills of Kansas, where not much of anything grows except bluestem grass, jack rabbits, and white-faced cattle. It was about as far from any industry as it could be. At one time they were operating classes at that location for as few as 3 and 4 students. These few students were transported by bus from Topeka—a distance of about 30 miles. At that time they were running 2 shifts. The teacher was on duty but idle while the bus made a trip to Topeka to bring the 3 or 4 students and take back 3 or 4 more. On one occasion one of our workers inadvertently found himself trailing a National Youth Administration bus of the 48-passenger type. It was carrying not to exceed 5 passengers. Another such bus was following him with no more than that many passengers. He observed that they drove from Independence to Parsons, Kans., a distance of approximately 30 miles. We were told that they were reporting full loads, but we cannot verify that statement. We do know that for months they have been transporting students, as much as 50 and 60 miles to their machine shop at Parsons, Kans. We do not believe there is justification for such expenditure of transportation facilities when they are so badly needed in such war production areas as exist around Parsons and Wichita, Kans.

It is significant that for many months the National Youth Administration had thousands of dollars worth of the very best of equipment lying in crates in a warehouse in Wichita, Kans., while at the same time the vocational school was in very great need of just such equipment and making every possible effort to get it.

It is no secret that the National Youth Administration has resorted to just about every form of solicitation to keep its schools in operation. It has used the radio and the press. It has circularized high-school students. It has sent out house-to-house solicitors. A solicitor came to my own home soon after my son was graduated from high school to get him to enroll in the National Youth Administration training program. At Emporia, Kans., the National Youth Administration is installing equipment in the city auditorium to operate what they call a War Manpower Commission School. They are attempting to enter into arrangements to give shop training for high-school boys and girls for high-school graduation credit.

This interesting thing came to our attention recently. In the December 28, 1942, issue of the Coffeyville, Kans., Journal appeared a blind advertisement, appealing to young men and women to train for employment. The director of our vocational school in Coffeyville sent his secretary to investigate this blind ad. He reports as follows:

"As we were interested to find out just what this might be, I sent the girls from the office down to make application and we find this is a National Youth Administration set-up with the title of 'War Manpower Board.' The girls were given quite a build-up for the training in the various centers. They were told they had 33 up at" sign Independence yesterday.

Independence, incidentally, is a city only a few miles from Coffeyville.

I am very certain that no worth-while thing is being accomplished by the National Youth Administration now that could not be accomplished by the vocational schools of Kansas, and at only a fraction of the cost. With practically no increase in administrative cost, the vocational schools of Kansas could absorb any part of the National Youth Administration training program that is worth while. I do not hesitate to say that there are a great many Kansans who would pay income tax and buy bonds more cheerfully if they did not see such extravagance as is evident in the National Youth Administration training program.

Within four blocks of my office, two big 48-passenger National Youth Administration busses stand idle the greater part of every day in order that those young people may have immediate transportation, while the high-school students by the hundreds walk to and from school, and working men and women either walk or hang on a strap in an overcrowded city bus.

The vocational schools of the State are right now approaching the very peak of training demand. We need more equipment. We're getting the trainees. Much of the metal-working equipment that belongs to the National Youth Administration could be used effectively in both Wichita and Kansas City war production training program. The aircraft factories of both those cities are begging for workers. Our training program is geared to their needs. We have combed the State of Kansas and picked up every piece of second-hand equipment available, while at the same time the National Youth Administration had new machines setting idle.

I hesitate to record such an indictment against any Government agency. I have done so only because I feel it to be my patriotic duty at this critical time to speak up vigorously concerning an institution or activity that, in my opinion, has outlived its usefulness. (C. M. Miller, director, Kansas State Board for Vocational Education, Topeka, Kans.)

From Kentucky:

It is my considered opinion that the National Youth Administration set-up as now maintained is contrary to the best interest of the people of this country.

The training given by the National Youth Administration is a duplicate of the training given in our public schools and consequently is in direct competition with them. The result is that neither program is as efficient as it would be if under a single administrative agency. The public-school system as maintained in our States is the proper place for the control and administration of the National Youth Administration program.

At the present time the National Youth Administration is enticing from the high schools and grade schools boys and girls that by all standards should remain in public schools. These students are taken away from home and housed under conditions that cannot be as satisfactory as home conditions. (V. O. Turner, principal, Maytown Consolidated School, Langley, Ky., January 29, 1943.)

From Texas:

We have a situation in regard to National Youth Administration that is apparently very vicious. Mr. J. C. Kellam invited some members of the State department of education and school administrators together on Wednesday, January 6, and proposed to them that they endorse a plan whereby the National Youth Administration would furnish their shop facilities and take over school-shop facilities outside the regular hours and permit the high-school students, who were 16 years of age or over, to attend the National Youth Administration program for 3 or 4 hours and go to school the other part of the day, and while attending the National Youth Administration shop, they would be paid $12 per month. The group he called to meet him, which did not include any vocational people, refused to endorse the program unless he agreed to pay those students regularly enrolled in day trade shop programs the same rate of pay as those attending the National Youth Administration shop. Mr. Kellam stated that he had approximately a million and a half dollars for this type of a program. Mr. Kellam and the National Youth Administration authorities are already again approaching school administrators with this proposition. We have had several inquiries from school

superintendents as to whether or not they would be permitted to use the vocational shops and their regular day trade teachers to handle this National Youth Administration program.

Now it so happens that we have amended our State plan and provided for extra 3-hour section of all our day trade shop sections in this State to permit youth enrolled in other schools to attend and obtain training outside of regular school hours that will meet military objectives and prepare for industrial employment also. These classes have been set up by and with the permission of the United States Office of Education and are part of our regular vocational program. The National Youth Administration apparently is attempting to duplicate this and to needlessly pay $12 per month to the youth.

As you can see, if they carry through this type of a program, our day trade students would, in large numbers, quit their present class and enroll in the National Youth Administration class to receive the $12 per month. To me, this is gross carelessness in the expenditure of Federal funds. Money is being spent needlessly and uselessly. If these youth want to attend classes of this type, we have them available and have regular educational funds available to support them. I do not believe that Congress ever intended for the money appropriated in paragraph I of the National Youth Administration section of Public Law 647 to be used to train students regularly enrolled in high schools.

I am wondering if they are not attempting to do this same thing in other sections of the country. Their enrollments are very low in their regular out-of-school war-training programs. Apparently this is a move to build up enrollments to justify their further existence at the expense of the public school systems of this country. (James R. D. Eddy, State director of vocational education, Austin, Tex., January 19, 1943.)

From Kentucky:

As a result of the present emergency, when our people are having the heaviest tax burden in our history imposed upon them, they are naturally becoming much more concerned about the manner in which this money is spent by their Government. I do not wish to stipulate that our people object to taxes, however steep they may be, so long as the money obtained is used wisely in preserving our American way of living.

The general public sentiment today is becoming more and more critical of the misuse of Federal funds in promotion of such organizations as the now abolished Work Projects Administration and the still existing National Youth Administration. The prevalent sentiment is that the present National Youth Administration is in direct competition with and a duplication of the efforts of our public and vocational school systems. There is not the slightest reason to doubt that with the equipment and money allotted to the National Youth Administration our public schools would do a far better job than any such organization.

I have personally made a study of the activities of the National Youth Administration by direct contact for the past year. In a recent study, I found 42 percent of the trainees enrolled in one shop to be under 18 years of age and the average grade level of this group to be seven. The only logical assumption we can make is that these boys and girls have been enticed away from the public schools and from under home influence where they rightfully belong. (Fred A. Martin, coordinator, Prestonburg Shop, Mayo State Vocational School, Prestonburg, Ky., January 31, 1943.)

From Colorado:

Cooperative relationships between the National Youth Administration and the public schools of Colorado, so far as the field of vocational education is concerned, may be summarized as follows:

1. We now have many vacant training stations in the war-production program in vocational schools. Though women are coming into the classes in increasing numbers, a recent survey indicates that we can easily accommodate an additional 3,000 trainees with present equipment and instruction staff. In other words, we are running a minimum program when we should be running a maximum program. The National Youth Administration operates 3 vocational training centers in Colorado at Denver, Trinidad, and Colorado Springs. In each instance enrollment is low in both the public-school classes and the National Youth Administration classes in subjects in which the National Youth Administration is duplicating the vocational-school effort.

2. The vocational schools of Colorado could absorb the trainees in the National Youth Administration war-production training program immediately if authorized to do so. This would include absorption of machine-shop, foundry, and pattern-making trainees in Denver by the Denver Opportunity School, and absorption of the machine-shop, radio, electrical, and sheet-metal trainees in Colorado Springs by the Colorado Springs Vocational School.

3. The duplication of these National Youth Administration vocational training programs in centers where we have well-established local vocational schools seems to us to be an extravagant waste of money. Full details regarding this duplication of work can be secured from Mr. Roy Hinderman, director of vocational education, Denver public schools; or Mr. Charles E. Greene, superintendent of schools, Denver, Colo.; and from Mr. A. C. Erickson, director of vocational education, Colorado Springs, Colo.; or Superintendent Roy J. Wasson, of the Colorado Springs public schools; and from Mr. P. P. Mickelson, president of the Trinidad Junior College, Trinidad, Colo.

4. The National Youth Administration has solicited, and is soliciting, high-school students for National Youth Administration recruiting purposes. We have not objected to this because the Congress authorized the National Youth Administration in Public Law 647 to offer vocational training for war-production workers. Some school districts refused to permit this solicitation, although generally it was accepted with the feeling that it was a duplication of service but that in wartimes it might be tolerated, at least on a temporary basis.

5. This office is of the opinion that National Youth Administration trainees and qualified instructing personnel, as well as the shop equipment, should be transferred at the earliest opportunity to the local school districts maintaining vocational training programs in the public schools. There is no function now performed by National Youth Administration that has not and that cannot be done by the public-school system. Furthermore, the present plan of operation sets up a duplicate vocational training system in the United States, one a cooperative Federal-State local program, the other a Federal system of vocational schools operated by National Youth Administration.

The above information is submitted on the basis of personal experiences, and observations made during the past several years in administering the war-production training program in the State of Colorado. I hope that something can be done to get the Congress to realize the situation and that an effort will be made to correct the administrative difficulties now existing. (H. A. Tiemann, State director of vocational education, Denver, Colo., January 21, 1943.)

From Oklahoma:

The following information is submitted relative to the vocational-training program of the National Youth Administration. The high points of the program in several cities will be given.

In a general over-all view of the program at the present time, note should be taken of the fact that on June 30, 1942, there were 2,459 white youth and 41 Negroes, or 2,500 National Youth Administration youth receiving training in the cooperative program with the vocational education authorities. Since that time enrollment has dropped steadily and it has been necessary for us to discontinue many of the classes due to very small enrollment. The National Youth Administration continually operates classes with 2, 3, and 4 trainees per supervisor. It has been our policy to call this condition to their attention and give them a week or 10 days to increase the enrollment before closing the class and combining shifts. * * *

The vocational schools could easily absorb the National Youth Administration trainees in the war-production training program. In fact, there is a demand for people at this time that is not completely filled. The National Youth Administration is duplicating the vocational-training programs in Oklahoma City, Tulsa, and Muskogee. In many cases youth go to those centers, begin their training and as soon as they become informed as to the type of training going on in the vocational schools, they drop out of the National Youth Administration and complete training in the vocational schools.

The National Youth Administration classes are generally small in the State. The program at Tonkawa is the only one which carries a full load consistently for all instructors and supervisors. As has been pointed out, that program has lost enrollment in the last 2 or 3 months. This has been very noticeable since the Signal Corps has reduced the civilian training program.* * *

The National Youth Administration machine-shop equipment is needed by vocational training programs in the public schools. The situation in this State is becoming serious. If the equipment were transferred to the State board of vocational education, it could be used to augment shops and increase training capacity so as to meet the very great demand for machine operators in war plants. There is also a need for expanding aircraft sheet metal at Tulsa and Oklahoma City, and there is approximately enough National Youth Administration equipment of this type in the State to supply the needed equipment.

There is a demand by a large welding contractor for paid training for arc welders, for which training the State board of vocational education will not have sufficient machines. It will be necessary for the contractor to take portable machines off the pipe line in order to provide facilities for training pipe-line welders. Twenty additional arc welding machines would certainly help this situation. (M. L. Powers, State supervisor, trade and industrial education, Stillwater, Okla., January 26, 1943.)

From Kentucky:

The National Youth Administration work is a duplicate of effort in this area. Busses are hauling children 35 miles through Madisonville to Providence now for the National Youth Administration course. All of these children could take the same type of courses in our regular school work in Madisonville at much less cost and expense.

I understand that in the United States there are 50,000 National Youth Administration training stations, but not that many trainees. It has been our observation that many of the trainees from the National Youth Administration school at Providence have been turned down by the employers of labor at Evansville because they are not 18 years of age. It has also come to our attention that the training which is given to the trainees in this shop is not particularly helpful to them after they enter industry.

No reason has ever been presented to me why better learning could not be obtained in public schools at less training cost and expense. (Harper Gatton, superintendent, Madisonville city schools, Madisonville, Ky., January 19, 1943.)

From New Jersey:

The number of National Youth Administration trainees in the State of New Jersey has dropped during the past 6 months, and at the present time only five small centers are in operations. All of the enrollees could be absorbed in the existing war production training program. All of the National Youth Administration enrollees could be absorbed in the war production training program in New Jersey even if all of the available stations were filled. This could be done by arranging shop classes and related subject instruction that could be staggered in such a fashion that one group could be occupying the shop while the other group could be receiving instruction in mathematics, blueprint reading, etc.

I have in my files a complete set of reports on National Youth Administration activities in the Newark center. These reports extent over a period of more than 6 months, and I am quoting the following statements from the reports.

"That milling machine that came in last April stands still, rusting away, never turned a wheel."

The milling machine that was referred to was secured with two others at a time when it was difficult to obtain equipment of this kind.

"During the week of December 26 there were 23 in attendance in the center, 6 in the welding unit and 17 in the machine shop. To instruct this group of 23 youths there was 1 welding instructor, salary $225 per month, 1 shift supervisor, salary $250 per month, and 2 supervisors, salary $225 per month each. With a total day and night enrollment of 75 students there was an overhead of 25 supervisors and foremen." (John A. McCarthy, assistant commissioner of education, Trenton, N. J., January 13, 1943.)

From Michigan:

If authorized by Congress, the vocational schools of Michigan could absorb trainees now in National Youth Administration programs without any difficulty and with very little, if any, additional administrative or supervisory expense.

I consider National Youth Administration training a duplication of effort and training which could be absorbed by vocational schools. There is no justification for paid work project experiences at the present time since trainees can be quickly

placed at work after intensive training at wages prevailing in war-production industries.

It seems to me that there is no place for the two training programs—one or the other should be discontinued. Naturally I believe that all such training should be carried on through public schools that have had a long-time established program and, therefore, experiences necessary to meet the situation. Furthermore, public schools are unbiased in their desire and effort to meet their obligation to serve the youth and adults of the country. The public schools have demonstrated their ability to carry on effective training during this war emergency at a cost which certainly cannot be questioned. The program as operated through the public schools, even though subsidized by Federal funds, is more in line with our democratic practices. * * *

I am frank to admit that since two programs cannot be justified—it makes the cost to the taxpayer high—the programs should stand on their own merit and one or the other should be discontinued.

If the National Youth Administration program is transferred to the public schools, these schools should be given the opportunity to transfer needed equipment for training purposes from the National Youth Administration shops. In many cases the National Youth Administration has had priorities on securing equipment, and thus has always had first choice. Any surplus of equipment could certainly be absorbed by the Army, the Navy, and the Air Corps.

National Youth Administration students are only supposed to be enrolled in National Youth Administration projects, which are reimbursed in part through a cooperative plan with the State board for a period not exceeding 3 months. We have cases where trainees will be enrolled in the National Youth Administration, in one resident project: for example, Traverse City, and at the end of 3 months the same trainees will be transferred to Cassidy Lake for an additional period of time. The individuals will also be enrolled twice on National Youth Administration enrollment figures. We have been advised that some trainees in National Youth Administration projects have been enrolled for periods as long as 14 months. (George H. Fern, director, State board of control for vocational education, Lansing, Mich., January 19, 1943.)

From Kentucky:

We have information of where the National Youth Administration superintendent dissuaded National Youth Administration boys from taking employment with the Simms-Drake Co., of Puget Sound. Mr. H. S. Hendersen, who was recruiting officer with the above company, whose address is 2929 Sixteenth Avenue SW., Seattle, Wash., could probably give you further information. Boys who had taken employment and already had their tickets in possession to go to work for this company were talked into returning tickets in order that the National Youth Administration quotas might not be diminished. Mr. Alexander Smith, National Youth Administration camp superintendent, made the statement that he personally dissuaded the boys from taking employment. The statement was made before Mr. Henry C. Turner, United States Employment Service, Frankfort, and before the author of this letter. The National Youth Administration enrollment at Camp Lake Reba is about 125 trainees. The Lafayette Trade School, Lexington, Ky., can accept many more trainees at work stations which are now open. (Charles V. Youmans, supervisor-coordinator, Fayette County vocational schools, Lexington, Ky., January 23, 1943.)

From West Virginia:

The National Youth Administration spends millions of dollars duplicating the work of the Office of Education in the field of vocational education. It runs schools in our States which are thoroughly Federalized, and pays students during these prosperous times to go to school. The money spent by the National Youth Administration would get better results if it were channeled through the United States Office of Education, regularly organized State departments of education, and the local public-school systems. More real educational results could be had this way for a fraction of the present cost. (W. W. Trent, State superintendent of free schools, Charleston, W. Va., January 15, 1943.)

From Iowa:

The writer wishes to call your attention to the enormous equipment placed in the National Youth Administration center at Clinton, Iowa, and the comparison

with it of the number of trainees which are being produced. The capital outlay is such that the results do not warrant the maintenance by this agency.

In the attached list you will notice 4 planers, the largest of which has a 30-foot bed. The attached list of equipment is only the heavy equipment. The total installation, exclusive of building, will cost approximately $250,000 to $275,000. At the time of the visit of the writer to Clinton there were 11 trainees only.

In the conduct of the duties of my office I often find it necessary to contact the National Youth Administration agency and on several occasions I have found it their desire to use youths less than 16 years of age to bolster their enrollment. This matter has been taken up with them.

The national emergency which has eliminated their span of operation should make the continuance of this work of the National Youth Administration unnecessary. There is a Federal channel through which this training can be accomplished; I refer to the Department of Vocational Education as it is now organized for the production of war workers.

The National Youth Administration has been able to secure delivery of costly equipment while the Department of Vocational Education for War Production Workers has had to wait and is still waiting for delivery of similar equipment which is now standing idle in many National Youth Administration shops across the country.

This equipment of the National Youth Administration which has been acquired at such enormous amounts should be transferred to the Vocational Education of War Production Workers. Your efforts to discontinue the National Youth Administration and the subsequent assignment of this costly equipment to a present successfully operating organization within the Government would be appreciated and be highly useful in the war effort. Clinton National Youth Administration heavy machinery: 4 planers, 6 shapers, 10 lathes, 5 milling machines, 3 cutter grinders, 6 drill presses, 1 gear cutter, 1 vertical mill (Vernon), 2 radial drills, 2 bench lathes, 1 Doall band saw, 1 Vernon milling machine. (L. E. Wass, director, war training, independent school district, Davenport, Iowa, January 27, 1943.)

From Massachusetts:

At a Washington conference with Aubrey Williams and Dr. Judd, as far back as 1938 or 1939, we took issue over the federally financed and directed schools of National Youth Administration, set up independently from the United States Office of Education, State and local authorities. Springfield, Mass., was particularly pointed to at that time as typical of what was going on and a published account of what National Youth Administration called their "school" in Springfield was quoted from. Both Mr. Williams and Dr. Judd denied that there was any plan or intent on the part of National Youth Administration to establish a rival system of Federal vocational schools within the States. Whatever their plan or intent may have been the resulting effect of National Youth Administration has been to do just that: They have an organization which results in State-wide duplication and competition in the field of vocational education.

Under various terminology, duplication of plants, equipment, and personnel with competition for trainees has gone on since that time and is going on now. It cannot possibly be otherwise as long as Congress appropriates funds for such a program to be administered from Washington by an independent agency. The person has not yet been born who could administer it without duplication and and competitive phases arising. A study of National Youth Administration activities in this Commonwealth, as to their various establishments, closures, shifts, carting off equipment, devices for securing trainees, and other ranges of manipulations, disclosed desperate efforts to administer an impossible program. (R. O. Small, assistant director of vocational education and director of war-production training, Boston, Mass., January 22, 1943.)

From Minnesota:

* * * There is a very strong possibility that in doing away with the National Youth Administration, their entire facilities, personnel, and general set-up will be placed under a new agency, keeping the same politically minded but inefficient personnel that is at present in control to do an important job for which they have had neither experience nor training. If this is done, we will still have our dual system of education steeped in politics and subsidized beyond reason by the Federal Government.

We believe that when the National Youth Administration is terminated, the Department of Education should be ordered to take over all training centers for the duration for the following reasons:

1. A trained personnel is immediately available to do a good job.
2. Training would be removed from politics.
3. Economy.
4. Efficiency in training.
5. Better standards and a definite goal.
6. Perfect cooperation with the Manpower Commission.
7. All facilities immediately available for Army or Navy trainees.

There is no selfish motive prompting this letter. I have been a superintendent of schools for 15 years and now plan on leaving the educational field entirely. (John A. Metcalf, superintendent, Shakopee public schools, Shakopee, Minn., January 11, 1943.)

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78TH CONGRESS
1st Session

SENATE

Doc. 54
Part 2

REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES

ADDITIONAL REPORT

OF THE

JOINT COMMITTEE ON REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES CONGRESS OF THE UNITED STATES

PURSUANT TO

SECTION 601 OF THE REVENUE ACT OF 1941

NATIONAL YOUTH ADMINISTRATION

INDIVIDUAL VIEWS OF MR. LA FOLLETTE

MAY 24, 1943.—Referred to the Committee on Appropriations and ordered to be printed

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CONGRESS OF THE UNITED STATES

JOINT COMMITTEE ON REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES

CREATED PURSUANT TO SECTION 601 OF THE REVENUE ACT OF 1941

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ROBERT L. DOUGHTON, Representative from North Carolina, *Vice Chairman*

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HAROLD D. SMITH, *Director of the Bureau of the Budget*

REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES

INDIVIDUAL VIEWS

Trained manpower is now one of the acute bottlenecks of the war-production program. Maintenance of production schedules depends upon a steady flow of trained men and women going into war industry.

The National Youth Administration program is daily turning out 700 potential war workers with basic training in mechanical skills so desperately needed in war industry. Such a contribution to the war effort cannot be regarded as a "nonessential" expenditure of the Federal Government.

The War Manpower Commission has estimated that an additional 4,600,000 persons will have to be employed in essential industry in the period from July 1943 through June 1944. After making due allowance for additions to the work force from the depleted ranks of the still unemployed, and by transfer of workers from less essential industries to war or war-connected industries, most of whom will require training or retraining, at least 2,500,000 of the additional number will be workers without any previous shop experience.

To provide retraining for the unemployed and those transferred from the less essential industries, and preemployment training for the 2,500,000 new workers who are without any shop experience, will require the maximum utilization of all available training agencies.

It is apparent that more, not less, training of war-production workers is needed.

Industry itself must undertake a great deal of the burden and is doing so. But it is important that an employee have the basic knowledge of machine skills before he steps into a production plant. To slow down vital war production while a foreman or a skilled machinist takes the time and ties up a vital machine needed in the production line to teach him the rudiments of machine work is wasteful and unnecessary.

There lies the essential function of the National Youth Administration's training program. The National Youth Administration is no longer a relief agency. It has converted to war production. No training is being offered not directly usable in the war effort.

In the fiscal year 1942 it provided preemployment training for approximately 900,000 persons. Of that number 386,000 are known definitely to have taken work in the skilled and semiskilled phases of war production, and another 300,000 have gone into other related phases of war industry. In the light of present employment conditions, and the curtailment of nonessential lines of production of all kinds, it is reasonable to assume that most of those persons on whom the National Youth Administration does not have definite record have also found their way into war production of some kind.

Scores of outstanding firms engaged in war production have expressed their gratitude and praise for the work National Youth Administration has done in helping to provide a reservoir of potential employees with basic mechanical training.[1] In line with Federal manpower policies of the armed forces and the selective service, it has long been emphasizing the training of women for war-production jobs to take the place in industry of men needed by the armed forces.

The general charge that National Youth Administration has been wasteful of funds, equipment, and manpower is not borne out by the facts presented to the committee.

The cost per youth-month on the National Youth Administration war production training program is $65.86, including a nominal wage of 16 cents per hour as compared with customary wages of 60 cents or more received by trainees of private industry. This average total cost per youth-month also includes the cost of subsistence for thousands of trainees living at resident training centers as well as all administrative costs.

It seems evident that a fair comparison cannot be made between the entire cost of National Youth Administration training, which is completely supported by Federal funds, and the Federal Government's share in the grant-in-aid program of the Office of Education.

It must be remembered that the National Youth Administration is also producing, as a part of its training program, a significant quantity of war matériel for the Army, Navy, and Maritime Commission. For the Portsmouth Navy Yard alone it produced 311,000 specific items in a year's time.

It is true that National Youth Administration facilities are not being used to maximum capacity. The National Youth Administration officials themselves are concerned about that. They state that they have the equipment to handle another 50,000 trainees per month, and are asking that the restrictions in the present law be modified by Congress so that they can provide full use of their facilities.

The question of duplication of function upon which the recommendations of the majority of the committee are based is in the last analysis extremely academic at this time when it is clear that with both the National Youth Administration program and that of the Office of Education the future needs for preemployment training in war production will not be met as full as they should.

The delay and expense of dismantling a going and tested program and fitting it into a different organization operating on a different basis, the grant-in-aid system, should not be attempted in this critical emergency when there is no showing that the operation of one is in any way impairing the effectiveness of the other. Both organizations are engaged in vocational training, but they are training different people. In that sense there is no duplication.

Unlike other vocational training programs, the National Youth Administration has developed in its 8 years of experience a system of resident centers where the trainees from remote areas can live while receiving their training. This has in effect expanded the recruiting area of war industry. It is doubtful that these resident centers could or would be preserved under a grant-in-aid program.

[1] In his testimony before the committee Mr. Williams read from a few of the letters received and supplemented this with a list of concerns from which such letters had been received. At my request more of those listed have been submitted for examination, and copies of some of the representative ones are contained in the appendix to this report.

The fact that the National Youth Administration shops are completely controlled by the Federal Government has allowed a flexibility of program and a mobility of facilities that would be difficult under a grant-in-aid program where ownership of facilities is vested in local authorities.

This flexibility has been of great value in allowing immediate shifting of training curriculum to meet sudden shifts of war-industry needs for specific skills. The mobility of facilities has made it possible to move training shops into areas where skilled-labor shortages threaten and to concentrate training facilities where they are needed most.

In this way the National Youth Administration program has been a highly effective agency complementing the vocational training program of the schools.

Congress should give full support, financially and morally, to both the National Youth Administration and the Office of Education in promoting the full utilization of their facilities. It is highly essential to war industry and the war effort.

This is no time to delay the training of war workers simply to straighten out the organization charts of the executive branch of the Government.

The question of integrating the two programs can be left for later consideration when time can safely be allowed for the readjustments that would be required.

In the meantime, instead of abolishing the National Youth Administration, Congress should authorize 100 percent utilization of its facilities by removing the present age limit and other restrictions on the selection of trainees and by providing the necessary funds.

ROBERT M. LA FOLLETTE, Jr.

APPENDIX

The following are a small, representative sample of letters received by the National Youth Administration from business firms engaged in war production, attesting to the value of National Youth Administration training in providing a source of manpower with basic mechanical training and reducing their own training problems.

WORTHINGTON PUMP & MACHINERY CORPORATION,
Holyoke, Mass., August 1, 1942.

Mr. LEON J. KOWAL,
Regional Youth Administration,
Region No. 1, Boston, Mass.

DEAR SIR: May I take this opportunity of expressing my opinion of the very fine work the Holyoke National Youth Administration have been doing for the war effort.

One of our largest departments of manufacture is the weldery, and I doubt very much that without the wholehearted cooperation that we have received from both Mr. Fitzgibbons and his instructors and others that we would have been able to accomplish the tremendous schedule we have undertaken in this war effort.

My congratulations for such a fine piece of work.

Very truly yours,

WORTHINGTON PUMP & MACHINERY CORPORATION.
A. F. JEVONS, *Personnel Manager.*

A. A. JOHNSON MACHINE TOOL CO.,
Syracuse, N. Y., December 28, 1942.

NATIONAL YOUTH ADMINISTRATION,
Syracuse, N. Y.

(Attention: Mr. S. Ciciarelli.)

GENTLEMEN: We believe that at this time we should write you a letter regarding the work you are doing and what a great benefit to industry in general the National Youth Administration must be to the war effort. As you know, through your cooperation we have had the benefit of the services of some of your trained boys. Boys who never had, before going into your places, any mechanical training of any kind and, after being at your place here in Syracuse but a short period of time, they were able to come into our plant, where we are rebuilding machine tools.

Some of the machines that we rebuild with almost zero tolerances and we were able to adapt these boys for not only machine work, but also in a short period of time, develop them into scraping hands where they had to work to the very finest tolerances.

We, therefore, take this opportunity of again thanking you for your cooperation and of commending you on the fine type of work you are doing. It is quite noticeable that this training includes not only things that are mechanical, but also you certainly must devote some time toward personality and character training.

The boys' behavior and actions in our shop were very much beyond the usual employee that we hire.

Very truly yours,

A. A. JOHNSON MACHINE TOOL CO.,
A. A. JOHNSON.

BARNES-DULUTH SHIPBUILDING CO.,
Duluth, Minn., November 10, 1942.

Mr. CARL F. MAHNKE,
Project Manager, National Youth Administration,
Duluth, Minn.

DEAR SIR: In the course of the past few months we have employed approximately 90 welder trainees from your training center, situated at 4832 Grand Avenue, Duluth, Minn.

We have found them to be very satisfactory and they have shown that they have had exceptional training in their respective fields.

We would like to recommend that the present age limit of trainees be increased to permit the training of older people in order to meet the demands which will be brought about by the drafting of the 18- and 19-year-old men.

In the course of the next 6 months we contemplate on enlarging our welding force from 150 to 200 additional welders.

Yours very truly,

WALTER J. BARTHOLDI,
Director of Personnel.

NEW BRITAIN-GRIDLEY MACHINE DIVISION,
THE NEW BRITAIN MACHINE CO.,
New Britain, Conn., September 26, 1941.

Mr. RICHARD A. BARRETT,
State Administrator, National Youth Administration,
New Haven, Conn.

DEAR MR. BARRETT: I would like to take this opportunity to write you on how the boys whom we have hired from the National Youth Administration in Nepaug and Rocky Hill have turned out. At the present time we have approximately 30 boys in our employ who are working on machines or machine assembly. According to all reports that I have received from the foremen these boys are turning out excellent work and are working conscientiously. They are industrious and ambitious without being too aggressive.

I have read where the National Youth Administration has been under some criticism for importing these boys from out of State. We feel that it is necessary to do so, as the supply of trained or semitrained men is practically negligible in Connecticut, and it has been necessary for us to hire men from wherever and whatever source we are able. These National Youth Administration boys have had more training than the graduates of the local defense schools and thus are more valuable to us. However, the supply of local trade-school boys has been depleted and now we must draw from the outside. The unemployed now remaining in the State are not of the caliber or do they have the experience or training that we are looking for.

In general, I can say that we are well pleased with the type of boy that we have obtained from your centers and hope that we may obtain more in the future.

Yours truly,

NEW BRITAIN MACHINE CO.,
JAMES L. BISHOP,
Personnel Manager.

LAISTER-KAUFFMANN AIRCRAFT CORPORATION,
St. Louis, Mo., September 14, 1942.

Mr. WYATT,
War Production Training Project,
National Youth Administration,
St. Louis, Mo.

DEAR MR. WYATT: As you know we have been using your woodworking classes to train people for our work in glider-manufacturing. We have found so far from our experience with those whom we have placed that the training that they have there, and your recommendations as to their special qualifications, has been a decided benefit both to us and the trainees.

As prime contractors we have also placed some of your trainees with two of our subcontractors here in St. Louis, and from reports to date they have worked out quite well, although probably none of them have been employed more than a month so far.

We want to continue to use your training classes for this purpose, and are depending upon these classes to a considerable extent as far as training women in the future is concerned.

We thank you for your very kind cooperation in helping us and sincerely hope that we will be able to continue this program in the future.

Yours very truly,

LAISTER-KAUFFMANN AIRCRAFT CORPORATION,
GORDON G. LEWIS, *Assistant Personnel Director.*

SOUTHEASTERN SHIPBUILDING CORPORATION,
Savannah, Ga., January 4, 1943.

MR. GILBERT C. MCLEMORE,
Project Manager, National Youth Administration,
War Production Training Center, Savannah, Ga.

DEAR MR. MCLEMORE: I have recently discussed with Mr. May, personnel director of your center, the fact that during the coming year the Southeastern Shipbuilding Corporation will need numbers of men and women to complete and maintain our personnel in the building of Liberty ships.

We are unable to give specified numbers of workers who will be needed, but we wish to indicate that we will desire to employ a number of young men and women trained by the National Youth Administration.

Since July 1, 1942, approximately 500 young men and women trained at your center have been employed by our company as welders, shipfitters, pipe fitters, sheet-metal helpers, machinist helpers, boilder-maker helpers, bolter-up helpers, and in other fields.

We have employed every welder you have trained who has passed our entrance test. At present, we are continuing to accept all who meet our requirements. Some of our foremen have been impressed by National Youth Administration workers and have requested their employment.

We have been grateful for your cooperation and interest. Your assistance has been of very definite value in meeting our scheduled production.

Yours very truly,

SNYDER ATWELL,
Personnel Director.

RICHMOND SHIPYARD NO. 1,
OF THE PERMANENTE METALS CORPORATION,
Richmond, Calif., January 9, 1943.

MR. LEONARD SEIDENMAN,
National Youth Administration, Richmond, Calif.

DEAR MR. SEIDENMAN: This is to advise you that the Richmond shipyards will employ all the sheet-metal, coppersmith, machinist, and welder trainees you can train.

We have found a definite shortage in skilled men within these crafts and, with the anticipation that we will hire approximately 20,000 additional employees within the next 3 to 4 months, we believe the shortage will become still more acute. This figure might also be enlarged by the inroads made on our personnel because of selective service, enlistments in the armed forces, etc.

These shipyards appreciate the work your organization has been doing in the past and thank you for your continued cooperation.

Very truly yours,

RICHMOND SHIPYARDS NOS. 1 AND 2,
OF THE PERMANENTE METALS CORPORATION,
RICHMOND SHIPYARDS NOS. 3 AND 3-A,
OF KAISER CO., INC.,
JAMES C. EGAN, *Director of Labor Relations.*

CONSOLIDATED AIRCRAFT CORPORATION,
FORT WORTH DIVISION,
Fort Worth, Tex., August 12, 1942.

Mr. J. C. KELLAM,
Regional Administrator, National Youth Administration,
Austin, Tex.

DEAR MR. KELLAM: Consolidated Aircraft Corporation is now faced with a critical shortage of new employees, and schools in this area anticipate an early lack of potential trainees. For this reason we feel that every effort should be made to reinitiate negotiations for the establishment of a National Youth Administration resident youth center in this area.

We understand from Mr. John B. Manning that it might be possible to bring into Fort Worth prefabricated buildings which could be used as a "hold over" station, and that youths from other National Youth Administration centers in the State could be brought here and housed until they receive their first pay check from Consolidated and find permanent living quarters.

I would like to ask that you give serious consideration to this proposal, and that every effort be made to work out some arrangement with the local schools for sponsorship of this plan.

Very truly yours,

CONSOLIDATED AIRCRAFT CORPORATION,
FORT WORTH DIVISION,
VAN A. FRANCE, *Educational Supervisor.*

HIGGINS INDUSTRIES, INC.,
New Orleans, December 1, 1942.

Mr. C. O. EMMERICH,
Regional Personnel Officer, National Youth Administration,
Atlanta, Ga.

DEAR MR. EMMERICH: I visited the National Youth Administration resident unit in Hattiesburg, Miss., and talked to Mr. Deen about the possibility of our using your resident unit in an allocated training program for Higgins Industries in New Orleans, La.

He suggested that I write you about the possibility of expanding to four shifts on the training facilities and of peak capacity in youth recruits to be used by Higgins Industries after they are trained by the National Youth Administration.

I hope it will be possible to use the four resident units over the entire State of Mississippi to their fullest capacity on this allocated training program for specific wartime production at Higgins Industries.

I am assured that the United States Employment Service and Higgins can recruit sufficient numbers of youth to fill these four units provided you will accept and make room for them.

The organization of the aviation plant of Higgins is now taking place and we expect to use 20,000 women in the construction and assembly of planes. I hope that you will be able to house and train at least 2,000 youths for us by March, which is the time they will be needed.

I am sending a copy of this letter to Mr. J. C. Flowers, of Jackson, Miss., and I can proceed no further until I know what you both will be able to do in this wartime training program. Please let me hear from you at your earliest opportunity.

Yours very truly,

HIGGINS INDUSTRIES, INC.,
(Mrs.) SALOME D. SEVIER,
Coordinator of Vocational Training.

PARACHUTE CO. OF UTAH,
Manti, Utah, August 11, 1942.

Mr. AUBREY WILLIAMS,
National Youth Administrator, National Youth Administration,
Washington, D. C.

DEAR MR. WILLIAMS: It has come to our attention that the National Youth Administration sewing project at Ephraim, Utah, is about to be discontinued. We feel that this project has made a definite contribution to national defense, and the purpose of this letter is to ascertain whether there is not some way of continuing its valuable work.

The Parachute Co. of Utah, a subcontractor for Standard Parachute Corporation, of San Diego, was organized solely for, and is engaged exclusively in, the manufacture of parachutes and parachute spare parts for the United States Army and Navy. When this company came to Utah about the 1st of May the only women in southern Utah who were familiar with power sewing were those who had been trained in the National Youth Administration sewing project at Ephraim. Each week the National Youth Administration has sent us some prospective employees with a basic knowledge of power sewing. Some of the best operators we have on our pay roll at the present time are young women who were originally trained in power sewing on the National Youth Administration sewing machines. We find that a woman who has had experience on a power machine has mastered the first step in parachute making, i. e., overcoming fear of the machine.

This company made its first shipment of parachutes to the United States Army on June 17. In the 8 weeks since that time we have shipped 1,600 parachutes, 895 harness assemblies, and 300 spare packs. This, of course, is just a small beginning. The State of Utah is presently constructing a State armory building in Manti, to be occupied exclusively by the Parachute Co. of Utah. This building is 8 times larger than the building we are now occupying and in which we are now running 3 shifts per day, employing approximately 300 women. With the completion of the new building, our total personnel requirements will be around 800 women.

If the National Youth Administration project were discontinued, we feel that we would lose a very valuable source of personnel. We believe that the Federal Government could make no better contribution toward national defense in this community than by continuing to train young women in power sewing. The industry is here to employ them when they have completed their training with the National Youth Administration. It is the only defense industry within a radius of 100 miles and it is doing a 100-percent war job.

We respectfully seek your cooperation in maintaining the National Youth Administration sewing project at Ephraim, Utah.

Very truly yours,

PARACHUTE CO. OF UTAH,
By M. J. BROWN.

The following two letters are from representatives of Government services on the value of National Youth Administration training.

UNITED STATES MARITIME SERVICE,
ENROLLING OFFICE,
Minneapolis, Minn., August 20, 1942.

Mr. C. B. LUND,
Administrator, National Youth Administration,
Regional Office, St. Paul, Minn.

DEAR SIR: During the last several months a number of radio trainees from your shops have enrolled in the Maritime Service after receiving basic training in your shop.

Additional trainees are needed and because of the continued demand for radio operators we shall appreciate if you will refer youth to our agency from your radio shops in Duluth, Minn.; Warren, Minn.; Sand Lake, S. Dak.; Fargo, N. Dak.; and other radio shops operated by your agency in this region.

Sincerely yours,

O. P. SWENSON,
Boatswain, United States Coast Guard,
Enrolling Officer.

ASSEMBLY AND REPAIR DEPARTMENT,
UNITED STATES MARINE CORPS AIR STATIONS,
Quantico, Va., October 16, 1942.

Mr. J. P. ROYER,
Youth Personnel Officer, Manassas War Production Training Project,
National Youth Administration.

DEAR MR. ROYER: Up to the present time we have placed 38 girls in our overhaul shops, who have received their training at the National Youth Administration school in Manassas.

These young ladies are working in the engine-overhaul, metal-spray and bake-enamel shop, machine shop, instrument shop, accessory shop, carburetor shop, metalsmith shop, and erection shop.

To date they are all getting along fine and the quality of their work is very satisfactory.

We hope that in the future you will be able to continue to supply us with such well trained shop personnel.

Sincerely,

R. J. BRITTEN,
Second Lieutenant, United States Marine Corps,
Personnel Officer.

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78TH CONGRESS, 1st Session | SENATE | DOCUMENT No. 57

REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES

ADDITIONAL REPORT

OF THE

JOINT COMMITTEE ON REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES CONGRESS OF THE UNITED STATES

PURSUANT TO

SECTION 601 OF THE REVENUE ACT OF 1941

TRAVEL AND COMMUNICATIONS IN THE FEDERAL GOVERNMENT

MAY 27 (legislative day, MAY 24), 1943.—Referred to the Committee on Appropriations and ordered to be printed

UNITED STATES
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WASHINGTON : 1943

CONGRESS OF THE UNITED STATES

JOINT COMMITTEE ON REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES

CREATED PURSUANT TO SECTION 601, OF THE REVENUE ACT OF 1941

HARRY FLOOD BYRD, Senator from Virginia, *Chairman*
ROBERT L. DOUGHTON, Representative from North Carolina, *Vice Chairman*

SENATE	HOUSE OF REPRESENTATIVES
WALTER F. GEORGE, Senator from Georgia.	THOMAS H. CULLEN, Representative from New York.
ROBERT M. LA FOLLETTE, JR., Senator from Wisconsin.	ALLEN T. TREADWAY, Representative from Massachusetts.
CARTER GLASS, Senator from Virginia.	CLARENCE CANNON, Representative from Missouri.
KENNETH McKELLAR, Senator from Tennessee.	CLIFTON A. WOODRUM, Representative from Virginia.
GERALD P. NYE, Senator from North Dakota.	JOHN TABER, Representative from New York

HENRY MORGENTHAU, JR., *Secretary of the Treasury*
HAROLD D. SMITH, *Director of the Bureau of the Budget*

LETTER OF TRANSMITTAL

CONGRESS OF THE UNITED STATES,
JOINT COMMITTEE ON REDUCTION OF NON-ESSENTIAL FEDERAL EXPENDITURES,
May 27 (legislative day May 24), 1943.

Hon. HENRY A. WALLACE,
The Vice President of the United States.

MY DEAR MR. VICE PRESIDENT: In accordance with title 6 of the Revenue Act of 1941, Public Law No. 250, Seventy-seventh Congress, as chairman of the Joint Committee on Reduction of Nonessential Federal Expenditures, it gives me pleasure to present an additional report from the committee, which I ask that you lay before the Senate of the United States, with a view to its being printed as a Senate document.

Respectfully submitted.

HARRY F. BYRD,
Chairman.

REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES

REPORT TO THE PRESIDENT OF THE UNITED STATES, THE VICE PRESIDENT OF THE UNITED STATES, PRESIDENT OF THE SENATE, AND THE SPEAKER OF THE HOUSE OF REPRESENTATIVES

In accordance with title 6 of the Revenue Act of 1941, Public Law 250, Seventh-seventh Congress, an additional report herewith is presented by the Joint Committee on Reduction of Nonessential Federal Expenditures.

This report reflects the continued governmental extravagances in travel and communication expenses of a nonmilitary nature which the committee has noted since its initial investigation of this matter in 1941. Based on totals of the 6-month period between July 1, 1942, and January 1, 1943, it is possible to estimate that the total travel and communication expenditures for the executive branch of the Federal Government in the fiscal year 1943 will exceed $100,000,000, excluding the War and Navy Departments.

The committee believes that this figure can be drastically cut in view of the present emergency. With the public at large obliged to reduce travel and communications it is no more than fair to expect their Government to do likewise. When agencies not essential to the war effort allow their travel and communication expenses to double—treble—even swell to nine times their peacetime levels, when departments and agencies allow increases totaling hundreds of thousands of dollars—then it is time to call a halt to such wasteful and unpatriotic expenditures.

COMMUNICATION EXPENSES

A total of $15,573,833.91 was spent for communications by the Federal Government, excluding the War and Navy Departments, in the 6-month period between July 1, 1942, and January 1, 1943, according to reports submitted to the Joint Committee on Reduction of Nonessential Federal Expenditures.

Of this amount $4,147,941.50, or 27 percent, was spent for local telephone calls; $3,538,024.29, or 23 percent, was spent for long-distance calls; $3,590,717.44, or 23 percent, was spent for telegraph and cable communication; $1,482,096.01, or 9 percent, was spent for teletype expense; $1,830,610.88, or 12 percent, was spent for special services; and the remainder went to miscellaneous expenditures. All of this expense was of a nonmilitary nature.

Eight departments and agencies far out-stripped the rest in communication expenditures. They are as follows:

Communications expense for the 6-month period between July 1 and Dec. 31, 1942

Department	Amount	Percent of total	Department	Amount	Percent of total
Office of War Information	$1,812,061.78	11.6	Office of Price Administration	$940,443.42	6.0
War Production Board	1,735,071.46	11.1	Justice Department	936,442.00	6.0
Commerce Department	1,415,609.88	9.1	Treasury Department	811,967.66	5.2
Agriculture Department	1,153,937.00	7.4			
State Department	1,054,732.13	6.1			

In other words over 60 percent of the entire Federal communications expense (bearing in mind the exception of the War and Navy Departments) may be placed in the hands of eight Government agencies and departments.

Certain striking examples of large expenditures may be noted. For example, computing the long-distance calls on the average night-rate basis, one finds that the Government might make 488 3-minute calls around the world at the equator daily and have the cost no greater. Again, the War Production Board spent nearly a million and a half dollars in the 6-month period on telephone expenses, two-thirds of which was in long-distance calls. No other agency remotely approached this total. The tremendous proportions of this figure may best be judged when one realizes that for the same yearly cost, at night rates, the War Production Board could put in hourly 3-minute telephone calls to the moon, 221,463 miles away, every hour in the day, every day in the year.

The departments and agencies having the telephone bills over $100,000 are as follows:

Telephone expense for the 6-month period between July 1, and Dec. 31, 1942

	Amount	Percent of total		Amount	Percent of total
War Production Board	$1,346,093	17	Interior Department	[1] $237,736	3
Agriculture Department	736,556	9	Tennessee Valley Authority	235,000	3
Office of Price Administration	690,480	9	Federal Security Agency	222,976	2
Justice Department	536,625	7	U. S. Maritime Commission	195,568	2
Treasury Department	506,043	6	Veterans' Administration	112,853	1
Selective Service System	413,608	5	Central Administrative Service (Office for Emergency Management)	100,179	1
Post Office Department	398,779	5			
National Housing Agency	266,779	3			
Commerce Department	253,312	3			

[1] Incomplete.

Those establishments having the highest telegraph and cable expense are as follows:

Telegraph and cable expense for the 6-month period between July 1 and Dec. 31, 1942

	Amount	Percent of total		Amount	Percent of total
State Department	$851,020	23	Treasury Department	$137,570	3
Office of War Information	480,994	13	Reconstruction Finance Corporation	119,631	3
War Production Board	330,432	9	Federal Communications Commission	116,012	3
Agriculture Department	270,793	7	Justice Department	102,894	2
Commerce Department	199,241	5			
Office of Price Administration	140,123	4			

At 30 cents per telegram the State Department would average thus 15,500 such telegrams a day.

Those establishments having the highest teletype cost are as follows:

Teletype expense for the 6-month period between July 1 and Dec. 31, 1942

	Amount	Percent of total		Amount	Percent of total
Commerce Department	$659,201	44	Office of War Information	$99,948	6
Justice Department	190,066	12	Agriculture Department	93,358	6
Federal Communications Commission	152,382	10	Office of Censorship	87,759	5

High postage costs were found in the following establishments:

Postage expense for the 6-month period between July 1 and Dec. 31, 1942

	Amount	Percent of total		Amount	Percent of total
Treasury Department	$100,210	13	Agriculture Department	$45,171	6
Office of Price Administration	72,328	9	Central Administrative Service (Office for Emergency Management)	45,060	6
Justice Department	62,596	8			
Reconstruction Finance Corporation	58,498	8			

Considering the franking privilege allowed to Government agencies, the cost of postage is extraordinarily high, including as it does only the purchase of stamps for special delivery, air mail, bulk packages, investigators' reports, etc., and not including regular correspondence.

High special-service costs were found in the following establishments:

Special service expense for the 6-month period between July 1 and Dec. 31, 1942

	Amount	Percent of total
Office of War Information	$1,104,684	60
Commerce Department	273,720	14
Coordinator of Inter-American Affairs	198,090	10
State Department	73,065	4

By the very nature of their functions many establishments have peculiarly distributed communication expenses. However, generally speaking, it seems normal to assume that long-distance telephone calls should not be in excess of local departmental expenses and that telegraph and cable expenses, with specific exceptions, should not outweigh telephone expenses.

Long-distance call costs exceeded local costs in the following departments and agencies: Office of Civilian Defense, National War Labor Board, Office of Scientific Research and Development, War Production Board, War Relocation Authority, War Shipping Administration, Office of Price Administration, National Labor Relations Board, National Mediation Board, Reconstruction Finance Corporation, Tennessee Valley Authority, United States Maritime Commission, Justice Department, and Labor Department. Outstanding examples are War Production Board, whose long-distance calls cost $950,000, as compared with $395,000 for local calls, a ratio of more than 2 to 1; Reconstruction Finance Corporation, whose long-distance calls cost $126,000, as compared with $59,000 for local calls; and Justice Department with $345,000 for long-distance calls, as compared with $190,000 for local calls.

COMPARISON WITH 1941 EXPENDITURES

During the entire fiscal year 1941 the expenses for communication service for the executive establishments of the Government totaled $14,805,993. This amount, compared with the $15,573,833 spent in the 6-month period between July 1, 1942, and December 31, 1942, shows a more than 100-percent increase in these communication expenses. Moreover, it must be borne in mind that these expenses

do not include those of the War and Navy Departments in either instance.

Following is a table of communication expenses for those Federal establishments in which a comparison is made of expenditures of the two periods. To effect a comparable situation the expenditures between July 1, 1942, and December 31, 1942, were projected to June 30, 1943, by doubling the 6-month total now available. The percentage of increase is indicative of trends in Government communication expense.

Comparison of travel expense for the fiscal years 1941 and 1943

Establishment	Fiscal year 1941	Estimated fiscal year 1943 [1]	Increase	Percent of increase
Lend-Lease Administration	$871	$88,937	$88,066	10,111
Federal Communications Commission	40,116	636,308	596,192	1,486
Alley Dwelling Authority	944	8,313	7,369	780
U. S. Maritime Commission	76,853	586,806	509,953	664
Reconstruction Finance Corporation	143,160	731,803	588,643	411
National Capital Park and Planning Commission	150	660	510	340
National Advisory Committee for Aeronautics	10,291	31,102	20,811	202
Department of Justice	880,107	1,872,884	992,777	113
Bureau of the Budget	13,409	27,225	13,816	103
Export-Import Bank	2,890	5,698	2,808	97
Civil Service Commission	113,050	205,174	92,124	81
U. S. Tariff Commission	3,216	5,429	2,213	69
Selective Service System	579,034	961,594	382,560	66
Railroad Retirement Board	37,405	63,581	24,176	64
Department of State	1,321,677	2,109,464	787,787	59
Smithsonian Institution	5,682	9,059	3,377	59
Panama Canal	102,217	159,691	57,474	56
National Archives	6,904	10,720	3,816	55
Tennessee Valley Authority	322,304	498,396	176,503	55
General Accounting Office	8,661	13,125	4,464	51
Employees Compensation Commission	10,635	16,038	5,403	50
Federal Deposit Insurance Corporation	35,130	52,057	16,927	48
Federal Power Commission	17,945	24,689	6,744	37
Department of Agriculture	1,740,813	2,307,874	567,061	33
Department of the Interior	475,004	595,920	120,916	25
Department of Labor	172,455	213,880	41,425	24
National Labor Relations Board	83,610	100,621	17,011	20
Treasury Department	1,369,022	1,623,935	254,913	19
National Resources Planning Board	13,876	16,122	2,246	16
Interstate Commerce Commission	38,120	42,296	4,176	10
Veterans' Administration	292,737	313,369	20,632	7
Department of Commerce	2,678,781	2,831,219	152,438	6
Federal Trade Commission	11,795	12,544	749	6
Post Office Department	817,174	841,473	24,299	3

[1] Projected on basis of actual expenditures of first 6 months of fiscal year 1943.

TRAVEL EXPENSES

According to figures submitted to the Joint Committee on Reduction of Nonessential Federal Expenditures by the various departments and agencies of the Federal Government a total of $35,672,853.84 of a nonmilitary nature was spent on travel expenditures in the 6-month period between July 1, 1942, and December 31, 1942. This does not include amounts spent by either the War or the Navy Departments. Of this amount by far the largest item was that of per diem expenses, this amount running to $18,527,694, or 52 percent. Railroad expenses accounted for 18 percent of the total, or $6,379,630. Automobile expenses amounted to 14 percent, or $5,119,045. Airplane expenses amounted to 7 percent, or $2,640,208. The remainder were miscellaneous expenses or unproportioned totals.

Of this total 52 percent of the expenditures are found in just six agencies. The list follows:

Travel expense for the 6-month period between July 1 and Dec. 31, 1942

Agency	Amount	Percent	Agency	Amount	Percent
Agriculture Department	$5,175,796	15	Treasury Department	$2,671,691	7
Justice Department	3,434,998	10	Federal Security Agency	1,935,001	5
War Production Board	3,415,953	10	Office of Price Administration	1,723,151	5

Following is a list of those agencies which spent the largest sums in each category. The following five agencies accounted for 45 percent of the total railroad expenditures:

Railroad expense for 6-month period between July 1 and Dec. 31, 1942

Agency	Amount	Percent	Agency	Amount	Percent
War Production Board	$1,029,387	16	Veterans' Administration	$339,917	5
Justice Department	637,164	10	Treasury Department	319,498	5
Agriculture Department	543,326	9			

The following five agencies accounted for 59 percent of all automobile expenses:

Automobile expense for 6-month period between July 1 and Dec. 31, 1942

Agency	Amount	Percent	Agency	Amount	Percent
Agriculture Department	$1.459,329	29	Justice Department	$350,567	7
Treasury Department	516,203	10	Selective Service System	289,171	6
War Production Board	366,872	7			

The following five agencies accounted for 61 percent of the total airplane expenses:

Airplane expense for 6-month period between July 1 and Dec. 31, 1942

Agency	Amount	Percent	Agency	Amount	Percent
War Production Board	$800,834	30	Office of Strategic Services	133,490	5
State Department	437,658	17	Federal Works Agency	122,691	4
Board of Economic Warfare	134,979	5			

The following five agencies accounted for 47 percent of all per diem expenses:

Per diem expenses for 6-month period between July 1 and Dec. 31, 1942

Agency	Amount	Percent	Agency	Amount	Percent
Agriculture Department	$2,926,582	16	Commerce Department	$1,190,172	6
Justice Department	1,802,027	10	Interior Department	1,132,221	6
Treasury Department	1,631,824	9			

The following five agencies accounted for 51 percent of all other expenses:

Other travel expense for 6-month period between July 1 and Dec. 31, 1942

Agency	Amount	Percent	Agency	Amount	Percent
Justice Department	$528,823	24	Federal Works Agency	$125,065	5
Agriculture Department	213,421	10	Veterans' Administration	120,264	5
Treasury Department	164,306	7			

The following departments and agencies show an estimated increase in travel expense over the fiscal year 1941:

Comparison of travel expense for the fiscal years 1941 and 1943

Department or agency	Total, fiscal year 1941	Estimated total, fiscal year 1943 [1]	Increase	Percent
Board of Economic Warfare	$24,727	$634,574.12	$609,847	2,466
National Capitol Park and Planning Commission	103	1,039.74	936	909
Alley Dwelling Authority	298	1,315.74	1,017	341
U. S. Maritime Commission	175,881	620,742.22	444,861	253
Federal Communications Commission	89,097	296,277.94	207,280	232
Tariff Commission	21,237	61,185.50	39,948	188
Civil Service Commission	325,457	889,196.96	563,739	142
Bureau of the Budget	39,495	90,491.90	50,996	129
General Accounting Office	175,282	350,187.02	174,905	99
National Advisory Committee for Aeronautics	40,203	77,208.38	37,005	92
Employees Compensation Commission	28,171	53,948.00	25,776	91
Bituminous Coal Consumers' Counsel	2,361	4,371.88	2,010	85
Department of Commerce	1,682,942	3,083,789.46	1,400,847	83
Panama Canal	691,197	1,195,850.70	504,653	73
Department of State	982,724	1,646,034.56	663,310	67
Tennessee Valley Authority	604,339	975,352.20	371,013	61
National Labor Relations Board	270,854	421,011.60	150,157	55
Federal Trade Commission	111,645	167,066.98	55,421	49
Department of Justice	4,648,690	6,869,996.00	2,220,306	48
Department of Labor	1,408,705	2,053,945.42	645,240	46
Federal Deposit Insurance Corporation	532,261	667,515.74	135,254	25
Treasury Department	4,191,490	5,343,382.00	1,151,892	27
Department of the Interior	2,875,280	2,917,360.62	42,080	1

[1] Projected on basis of actual expenditures of the first 6 months of fiscal year 1943.

The committee believes that the travel and communication expenses for most branches of the Federal Government are inordinately high. The committee feels that, considering the specific exclusion of the War and Navy Departments from these computations, no small group of departments and agencies should completely dominate each category of travel and communication expenditures. For example, it is believed that no group of five agencies and departments of a nonmilitary type should comprise from 45 to 61 percent of the total of each of the types of travel expenditures of the entire Government.

It further believes that responsibility rests jointly with the departments and agencies involved and with the Bureau of the Budget to take necessary measures to reduce immediately such excessive expenditures.

The following tables indicate in detail the tremendous amount the various branches of the Government are spending on travel and communication expenses. It must be remembered that the amounts stated are for the 6-month period between July 1 and December 31, 1942, and not for the entire fiscal year.

Communications expense for the 6-month period between July 1 and Dec. 31, 1942

Department or agency	Telephone			Telegraph and cable	Teletype	Postage	Other	Special services	Grand total
	Local	Long distance	Total						
Bureau of the Budget	$12,176.11	$509.00	$12,685.11	$412.27	$459.00	$56.50			$13,612.88
National Resources Planning Board	5,274.22	1,350.72	6,624.94	876.94		559.34			8,061.22
Office for Emergency Management:									
Liaison Office	436.13	.70	436.83		8.32			$0.15	445.30
Division of Central Administrative Services	57,466.05	42,713.40	100,179.45	21,298.79	7,947.43	45,060.51	$39.58	4,511.92	179,037.68
National War Labor Board	5,073.79	21,435.11	26,508.90	14,457.18	291.12	1,795.26			43,052.46
Office of Alien Property Custodian	13,701.74	7,628.87	21,330.61	1,641.37	3,381.92	589.42	33.75	8,927.92	35,904.99
Office of Civilian Defense	32,247.89	41,301.69	73,549.58	12,951.14	1,541.49	2,784.74	42.02	10,208.30	101,077.27
Office of Coordinator of Inter-American Affairs	18,702.12	13,949.68	32,651.80	61,911.22	43,080.21	3,270.28	1.25	198,090.34	339,005.10
Office of Defense Transportation	40,237.97	36,908.43	77,146.40	34,451.05	1,947.60	3,572.01		756.26	117,873.32
Office of Economic Stabilization				2.89					2.89
Office of Lend-Lease Administration [1]	11,882.45	3,410.96	15,293.41	27,989.30	280.66	15.57		889.88	44,468.82
Office of Scientific Research and Development	7,683.42	22,986.68	30,670.10	5,314.82	12.79	1,532.01		355.48	37,885.20
Office of War Information	58,290.19	36,917.04	95,207.23	480,994.43	99,948.44	30,839.33	387.95	1,104,684.40	1,812,061.78
War Manpower Commission [2]	26,952.40	25,425.59	52,377.99	9,446.25	456.31	2,621.95		101.85	[3] 235,353.02
Selective Service System	279,287.27	134,320.82	413,608.09	48,032.41	731.23	17,618.03	659.17	148.15	480,797.08
Rubber Survey Committee	270.10	42.91	313.01	18.28		34.14		36.31	401.74
War Production Board	395,646.49	950,447.44	1,346,093.93	330,432.70	18,666.35	19,648.62	.75	20,229.11	1,735,071.46
War Relocation Authority	6,308.43	11,013.70	17,322.13	7,316.94	1,079.00	1,776.39		142.94	27,637.40
War Shipping Administration	9,939.36	19,283.58	29,222.94	47,914.34	1,547.17	2,422.14	615.37		81,721.96
Board of Economic Warfare	21,335.67	17,266.14	38,601.81	69,521.47	450.00	2,353.92	552.50	2,479.09	113,958.79
Office of Censorship	37,782.00	2,745.00	40,527.00	3,454.00	87,759.00	16,956.00		2,427.00	151,123.00
Office of Price Administration	332,615.28	357,865.51	690,480.79	140,123.50	19,737.98	72,328.85	.75	17,771.55	940,443.42
Office of Strategic Services	19,496.96	11,853.30	31,350.26	47,079.35	4,138.00	2,003.60		6,576.00	91,147.21
Alley Dwelling Authority	3,880.06	142.35	4,022.41	79.77		54.69			4,156.87
American Battle Monuments Commission	88.34		88.34	9.00					97.34
Bituminous Coal Consumers' Counsel	688.15	85.05	773.20	18.54		5.00	3.87		800.61
Board of Investigation and Research—Transportation	1,378.83	168.30	1,547.13	26.66		10.00			1,583.79
Civil Aeronautics Board	1,497.70	1,411.07	2,908.77	187.73		58.10			3,154.60
Civil Service Commission	46,405.87	18,976.69	65,382.56	37,144.81		60.00			102,587.37
Commission of Fine Arts	50.00	38.55	88.55	49.00		6.00			143.55
Employees' Compensation Commission	3,079.00	894.00	3,973.00	1,648.00		2,398.00			8,019.00
Federal Communications Commission	18,498.31	8,800.44	27,298.75	116,012.15	152,382.82	14,075.45	846.50	7,538.75	318,154.42
Federal Deposit Insurance Corporation	8,627.14	6,937.13	15,564.27	1,411.05	1,451.16	656.83		6,945.63	26,028.94
Federal Power Commission	7,133.06	1,929.58	9,062.64	2,023.12		1,136.01	123.00		12,344.77
Federal Security Agency [4]	188,295.57	34,681.40	222,976.97	65,370.70	1,850.00	40,088.85	7,088.00	49,188.00	386,562.52
Federal Trade Commission	3,920.54	965.25	4,885.79	1,140.48		246.00			6,272.27
Federal Works Agency	60,776.83	38,610.86	99,387.69	44,211.68	450.00	10,706.09	414.98		155,170.44
General Accounting Office	5,992.19	96.42	6,088.61	204.47		269.67			6,562.75
Government Printing Office	4,853.78	4,317.81	9,171.59	4,399.61		1,377.52			14,948.72

See footnotes at end of table.

Communications expense for the 6-month period between July 1 and Dec. 31, 1942—Continued

Department or agency	Telephone			Telegraph and cable	Teletype	Postage	Other	Special services	Grand total
	Local	Long distance	Total						
Interstate Commerce Commission	$14,890.23	$1,404.48	$16,294.71	$4,035.32		$818.20			$21,148.23
National Advisory Committee for Aeronautics	6,221.30	5,173.90	11,395.20	3,538.23		618.00			15,551.43
National Archives	5,105.09	43.55	5,148.64	186.36		25.00			5,360.00
National Capital Park and Planning Commission	323.57	6.60	330.17	.29					330.46
National Gallery of Art	1,503.50	109.95	1,613.45	50.04					1,663.49
National Housing Agency	155,673.78	111,105.73	266,779.51	51,171.21		31,024.34			349,317.21
National Labor Relations Board	10,980.77	21,661.50	32,642.27	10,358.72		7,310.00			50,310.99
National Mediation Board	204.17	719.75	923.92	2,265.26		80.00			3,269.18
Panama Canal	54,275.77	1,831.06	56,106.83	12,258.12	$2,160.00	9,321.00			79,845.95
Railroad Retirement Board	11,559.30	4,608.92	16,168.22	2,065.50	8,240.89	5,316.31			31,790.92
Reconstruction Finance Corporation	59,123.71	126,898.67	186,022.38	119,631.78	1,245.00	[5] 58,498.36	$504.06		[6] 365,901.58
Export-Import Bank of Washington	1,336.62	412.25	1,748.87	696.39		404.00			2,849.26
Securties and Exchange Commission	18,852.61	7,366.91	26,219.52	1,949.26	1,279.55	1,677.16		$6,582.20	37,707.69
Smithsonian Institution	2,086.86	68.50	2,155.36	73.20		105.70		2,195.55	4,529.81
Tariff Commission	1,639.90	463.43	2,103.33	383.16		48.58		179.79	2,714.86
Tax Court of the United States	2,085.71	4.75	2,090.46	32.44		9.09	6.00		2,138.19
Tennessee Valley Authority	100,776.35	134,223.71	235,000.06	9,467.37	1,579.74	2,632.11	519.09		249,198.37
U. S. Maritime Commission	66,517.25	129,051.63	195,568.88	68,949.90	8,767.27	19,320.43	797.20		293,403.68
Veterans' Administration	107,179.67	5,673.80	112,853.47	18,205.08	5,781.00	[7] 19,845.40			156,684.95
Department of Agriculture	400,430.00	336,126.00	736,556.00	270,793.00	93,358.00	45,171.00	4,467.00	3,592.00	1,153,937.00
Department of Commerce	127,569.86	125,742.23	253,312.09	199,241.00	659,201.56	7,902.58	22,232.00	273,720.65	1,415,609.88
Department of the Interior [8]	174,616.24	63,120.23	237,736.47	36,622.66	8,914.26	11,369.53	1,615.57	1,701.54	297,960.03
Department of Justice	190,842.00	345,783.00	536,625.00	102,894.00	190,066.00	62,596.00	38,872.00	5,389.00	936,442.00
Department of Labor	26,862.14	39,578.66	66,440.80	31,296.46	450.00	[5] 8,752.85			106,940.11
Department of State	62,385.75	29,391.44	91,777.19	851,020.32	503.19	38,261.65	104.39	73,065.39	1,054,732.13
Treasury Department	359,458.28	146,585.00	506,043.47	137,570.06	44,189.60	100,210.68	1,778.31	22,175.73	811,967.66
Post Office Department	386,517.46	12,261.62	398,779.08	14,910.87	6,761.95	285.09			420,736.99
Library of Congress	5,995.71	144.05	6,139.76	115.71		1,294.68			7,550.15
Administrative Office of United States Courts	44,956.49	11,031.80	55,988.29	1,358.12		163.35			57,509.76
Total	4,147,941.50	3,538,024.29	7,685,965.79	3,590,717.44	1,482,096.01	725,468.91	81,705.06	1,830,610.88	15,573,833.91

[1] Does not include expenses of other agencies which have received allocations of funds from Lend-Lease appropriations.

[2] Includes grants to States for U. S. Employment Service for December 1942, only.

[3] This includes for National Youth Administration: $12,192.88, departmental; $158,155.79, field; $170,348.67, total. National Youth Administration is not included in itemized break-down.

[4] Includes testing and placement, defense workers, and grants to States for unemployment compensation administration (U. S. Employment Service) for the months July to December 1942.

[5] No records to distinguish cost of mailing packages and letters, etc.

[6] $55,541.03 recoverable from borrowers and others.

[7] Major portion covers postage for transferring beneficiaries case files, records, and issuance of stamps to indigent hospitalized beneficiaries.

[8] Does not include the Office of Indian Affairs. Includes some expenditures of Geological Survey repaid by States, counties, and municipalities.

Travel expense for the 6-month period between July 1 and Dec. 31, 1942

Department or agency	Railroad	Airplane	Automobile, reimburseable	Per diem	Other expense	Total
Bureau of the Budget	$9,727.95	$2,431.72	$204.58	$31,227.73	$1,653.97	$45,245.95
National Resources Planning Board	22,961.33	4,903.64	491.54	20,812.74	2,086.07	51,255.32
Office for Emergency Management:						
Liaison Office	82.28	115.55		55.00	12.10	264.93
Division of Central Administrative Services	28,111.83	13,563.15	3,018.44	35,568.39	3,474.16	83,735.97
National War Labor Board	36,103.34	11,693.44	510.50	62,365.28	4,540.12	115,212.68
Office of Alien Property Custodian	32,092.93	5,641.53	680.30	51,793.33	3,652.56	93,860.65
Office of Civilian Defense	68,253.80	24,501.23	[1] 46,264.24	124,676.07	19,984.71	283,680.05
Office of the Coordinator of Inter-American Affairs	28,565.34	55,391.00	1,209.00	97,800.20	7,548.87	190,514.41
Office of Defense Transportation	61,018.64	14,367.36	11,070.40	103,374.85	6,740.75	196,572.00
Office of Economic Stabilization	10.30	152.17		12.00	6.55	181.02
Office of Lend-Lease Administration	3,926.43	4,035.19	104.05	10,444.33	831.17	19,341.17
Office of Scientific Research and Development	70,233.19	25,181.70	851.16	55,760.10	5,251.39	157,277.54
Office of War Information	64,301.57	50,032.05	8,439.46	98,037.60	19,573.07	240,383.75
War Manpower Commission [2]	64,390.46	23,900.01	63,268.32	154,194.32	14,099.97	[3] 1,081,795.25
Selective Service System	45,595.17	1,605.79	289,171.70	171,836.79	12,704.06	520,913.51
War Production Board	1,029,387.45	800,834.81	366,872.88	1,135,182.33	83,676.49	3,415,953.96
War Relocation Authority	29,318.74	10,667.20	3,941.57	46,706.35	3,118.22	93,752.08
War Shipping Administration	5,746.26	6,924.45		35,080.85	746.04	48,497.60
Rubber Survey Committee	1,165.44			1,500.35	36.08	2,701.87
Board of Economic Warfare	30,891.57	134,979.08	1,844.03	135,391.91	14,180.91	317,287.06
Office of Censorship	20,655.61	4,331.60	1,450.08	32,540.96	1,622.44	60,600.69
Office of Price Administration	340,225.23	50,127.90	253,362.71	998,513.60	80,922.40	1,723,151.84
Office of Strategic Services	36,703.59	133,490.59	482.83	144,803.75	13,468.80	328,949.56
Alley Dwelling Authority	45.26		69.96	76.50	466.15	657.87
American Battle Monuments Commission					16.00	16.00
Bituminous Coal Consumers' Counsel	1,134.24	24.40	31.75	915.55	80.00	2,185.94
Board of Investigation and Research—Transportation	517.20			2,085.00	502.51	3,104.71
Civil Aeronautics Board	2,465.01	1,136.96	346.45	29,957.37	3.80	33,909.59
Civil Service Commission	43,701.04	4,460.54	93,382.06	274,794.54	28,260.30	444,598.48
Commission of Fine Arts	232.87	317.32	43.50	96.18	7.10	696.97
Employees Compensation Commission	6,184.00	2,548.00	48.00	15,182.00	3,012.00	26,974.00
Federal Communications Commission	24,001.99	21,304.14	6,139.34	93,254.10	3,439.42	148,138.97
Federal Deposit Insurance Corporation	24,668.92	1,013.10	29,539.72	266,712.13	13,824.00	335,757.87
Federal Power Commission	19,258.15	1,765.40	866.31	69,849.70	973.35	92,712.94
Federal Security Agency [4]	352,511.54	54,895.18	456,736.60	871,708.23	119,150.41	1,935,001.96
Federal Trade Commission	11,725.50	34.05	7,501.31	59,037.00	5,235.63	83,333.49
Federal Works Agency	413,874.28	122,691.27	30,592.28	489,156.77	125,065.86	1,181,380.46
General Accounting Office	18,529.98		7,248.84	148,349.25	965.44	175,093.51
Government Printing Office	1,067.50	708.32	78.85	4,499.95	207.84	6,562.48
Interstate Commerce Commission	60,685.25	1,439.76	17,686.30	238,442.00	16,063.15	334,316.46
National Advisory Committee for Aeronautics	16,264.69	4,065.86	1,241.16	15,379.25	1,653.23	38,604.19
National Archives	233.45		29.85	1,038.35	83.34	1,384.99
National Capital Park and Planning Commission	346.67			158.20	15.00	519.87
National Gallery of Art	405.75		13.71	488.67		908.13

See footnotes at end of table.

Travel expense for the 6-month period between July 1, and Dec. 31, 1942—Continued

Department or agency	Railroad	Airplane	Automobile, reimburseable	Per diem	Other expense	Total
National Housing Agency	$199,394.59	$52,118.18	$282,943.13	$515,632.85	$52,551.23	$1,102,639.98
National Labor Relations Board	58,435.27	7,282.19	31,988.22	102,604.38	10,195.74	210,505.80
National Mediation Board	2,499.82		428.33	11,984.63	77.00	14,989.78
Panama Canal	235,898.41	143,156.75	1,274.00	61,389.40	156,206.79	[4] 597,925.35
Railroad Retirement Board	22,167.82		21,140.70	37,989.00	3,333.50	84,631.02
Reconstruction Finance Corporation	180,599.66	71,951.52	79,621.23	742,784.80	24,955.03	[6] 1,099,912.24
Export-Import Bank of Washington	400.30	2,951.83		1,864.43	367.97	5,584.53
Securities and Exchange Commission	38,400.48	3,895.20	3,372.86	73,974.34	8,542.55	128,185.43
Smithsonian Institution	95.26			210.75	29.50	335.51
Tariff Commission	8,371.57	942.90	197.32	20,061.24	1,019.72	30,592.75
Tax Court of the United States	3,052.15			1,616.51	1,835.41	6,504.07
Tennessee Valley Authority	54,496.36	4,110.25	28,603.48	392,022.61	8,443.40	[7] 487,676.10
U. S. Maritime Commission	29,363.07	2,072.09	8,389.96	256,121.29	14,424.70	310,371.11
Veterans' Administration	339,917.52	1,265.50	100,176.58	96,352.90	[8] 120,264.63	[9] 657,977.13
Department of Agriculture	543,326.00	33,138.00	1,459,329.00	2,926,582.00	213,421.00	5,175,796.00
Department of Commerce	82,117.50	50,940.84	202,774.01	1,190,172.10	15,890.28	1,541,894.73
Department of Interior [10]	174,771.67	35,421.59	82,694.96	1,132,221.85	33,570.24	1,458,680.31
Department of Justice	637,164.00	116,417.00	350,567.00	1,802,027.00	528,823.00	3,434,998.00
Department of Labor	246,402.01	32,845.42	101,074.44	582,916.48	63,734.36	1,026,972.71
Treasury Department	319,498.65	39,858.00	516,203.26	1,631,824.72	164,306.37	2,671,691.00
Department of State	91,670.96	437,658.40	3,547.11	197,724.09	92,416.72	823,017.28
Post Office Department	20,816.83	4,646.18	94,698.51	447,385.36	29,800.45	597,347.33
Library of Congress	3,029.09	4,261.15	14.50	7,685.00	568.20	15,557.94
Administrative Office of United States Courts	60,420.00		44,384.00	165,687.00	1,389.00	271,880.00
Total	6,379,630.73	2,640,208.45	5,119,045.38	18,527,694.30	2,245,122.22	35,672,853.84

[1] Includes $20,966.80 military mileage.
[2] Includes grants to States for U. S. Employment Service for December 1942 only.
[3] These include for National Youth Administration: $21,368.85, departmental; $740,573.32, field; $761,942.17, total. National Youth Administration not included in itemized break-down.
[4] Includes testing and placement, defense workers, and grants to States for unemployment compensation administration (U. S. Employment Service) for the months July to December 1942.
[5] Does not include $18,411.69 travel and per diem paid to other Government departments for service.
[6] $48,345.79 recoverable from borrowers and others.
[7] Includes $96,867.50 reimbursable travel for other Federal agencies.
[8] Includes $91,093.20 estimated cost of shipping household effects of transferred personnel.
[9] Travel expense of employees and beneficiaries.
[10] Does not include the Office of Indian Affairs. Includes some expenditures of the Geological Survey repaid by States, counties, and municipalities.

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78TH CONGRESS, 1st Session | SENATE | DOCUMENT No. 66

REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES

ADDITIONAL REPORT

OF THE

JOINT COMMITTEE ON REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES CONGRESS OF THE UNITED STATES

PURSUANT TO

SECTION 601 OF THE REVENUE ACT OF 1941

FEDERAL PERSONNEL



JUNE 18 (legislative day, MAY 24), 1943.—Referred to the Committee on Appropriations and ordered to be printed with an illustration

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1943

CONGRESS OF THE UNITED STATES

JOINT COMMITTEE ON REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES

CREATED PURSUANT TO SECTION 601 OF THE REVENUE ACT OF 1941

HARRY FLOOD BYRD, Senator from Virginia, *Chairman*

ROBERT L. DOUGHTON, Representative from North Carolina, *Vice Chairman*

SENATE	HOUSE OF REPRESENTATIVES
WALTER F. GEORGE, Senator from Georgia	THOMAS H. CULLEN, Representative from New York
ROBERT M. LA FOLLETTE, JR., Senator from Wisconsin	ALLEN T. TREADWAY, Representative from Massachusetts
CARTER GLASS, Senator from Virginia	CLARENCE CANNON, Representative from Missouri
KENNETH McKELLAR, Senator from Tennessee	CLIFTON A. WOODRUM, Representative from Virginia
GERALD P. NYE, Senator from North Dakota	JOHN TABER, Representative from New York

HENRY MORGENTHAU, JR., *Secretary of the Treasury*

HAROLD D. SMITH, *Director of the Bureau of the Budget*

LETTER OF TRANSMITTAL

CONGRESS OF THE UNITED STATES,
JOINT COMMITTEE ON REDUCTION OF NONESSENTIAL
FEDERAL EXPENDITURES.
JUNE 18 (legislative day, MAY 24), 1943.

The VICE PRESIDENT,
United States Senate.

SIR: In accordance with title 6 of the Revenue Act of 1941, Public Law No. 250, Seventy-seventh Congress, as chairman of the Joint Committee on Reduction of Nonessential Federal Expenditures, it gives me pleasure to present to you an additional report of this committee, which I ask that you lay before the Senate of the United States with a view to its being printed as a Senate document.

Respectfully submitted.

HARRY F. BYRD, *Chairman.*

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REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES

FEDERAL PERSONNEL

REPORT TO THE PRESIDENT OF THE UNITED STATES, THE VICE PRESIDENT OF THE UNITED STATES, PRESIDENT OF THE SENATE, THE SPEAKER OF THE HOUSE OF REPRESENTATIVES

In accordance with title 6 of the Revenue Act of 1941, Public Law 250, Seventy-seventh Congress, an additional report herewith is presented by the Joint Committee on Reduction of Nonessential Federal Expenditures.

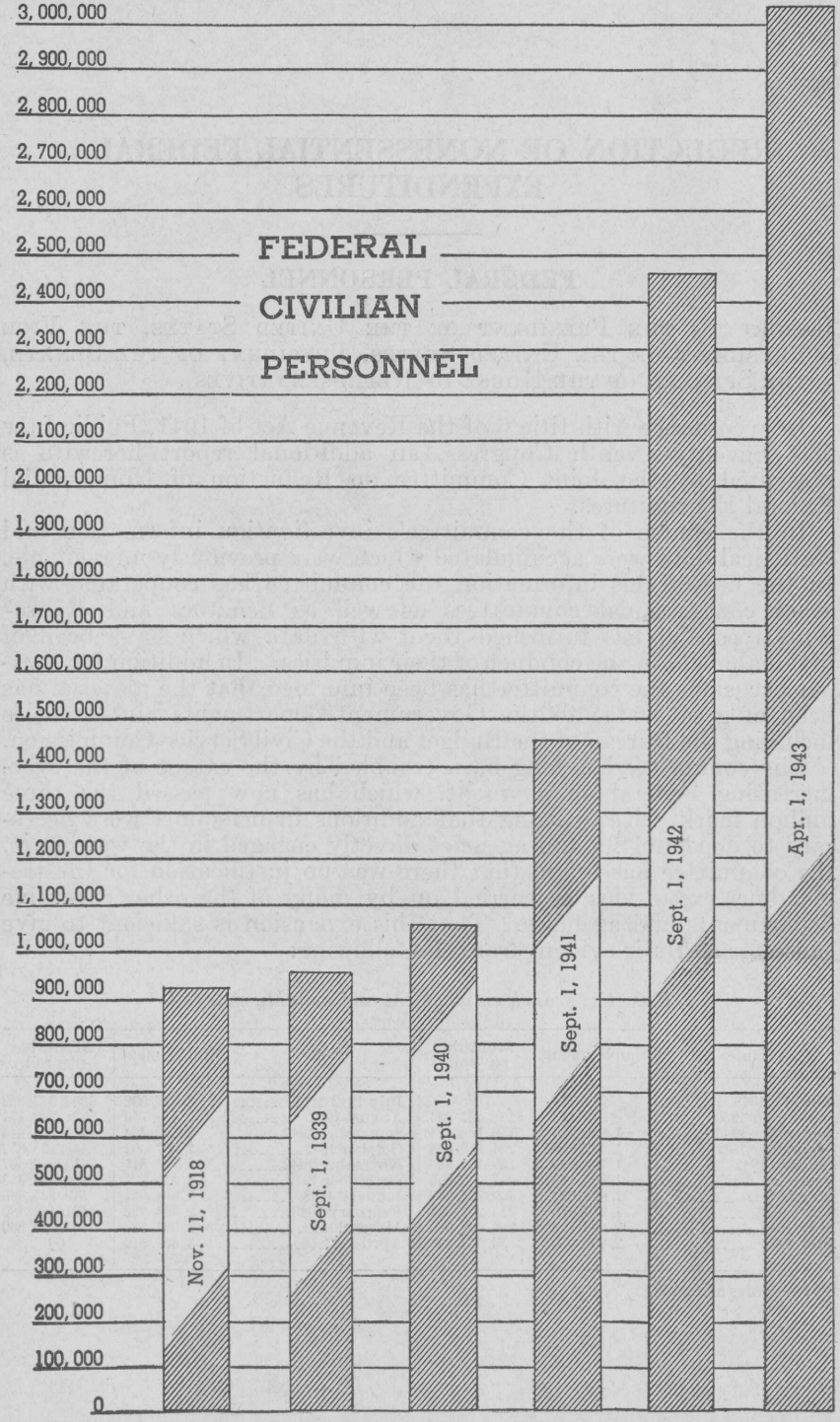
In the course of the committee's investigation information and statistical data were accumulated which were previously unavailable. In the use of this information the committee has cooperated with other congressional committees as well as Senators and Representatives and has furnished them with data which have been of invaluable aid in the conduct of their inquiries. In addition, on various occasions the committee has been informed that the material has been of great value to the Government departments and agencies including the Bureau of the Budget and the Civil Service Commission.

The committee has long been troubled by the extent of the ever-increasing Federal employment, which has now passed the three million mark. Recognizing that additions in personnel were necessary to departments and agencies directly engaged in the war effort, the committee has found that there was no justification for the tremendous expansions as carried on by many of the other executive departments and agencies. That this expansion is sufficient to give cause for alarm is evident from the following:

Executive branch employment and monthly pay roll

Date	Employment	Monthly pay roll	Date	Employment	Monthly pay roll
Nov. 11, 1918	917,760	[1]	July 1942	2,327,932	$382,373,859
September 1939	940,133	$141,522,234	August 1942	2,450,759	391,502,171
September 1940	1,059,984	159,798,624	September 1942	2,549,474	414,594,644
September 1941	1,487,925	224,149,668	October 1942	2,687,093	445,135,852
January 1942	1,703,099	259,404,945	November 1942	2,739,815	453,580,367
February 1942	1,805,186	262,106,949	December 1942	2,810,871	470,334,353
March 1942	1,926,074	309,764,679	January 1943	2,864,021	519.225,846
April 1942	1,970,969	317,207,094	February 1943	2,944,922	531,185,480
May 1942	2,066,873	336,568,306	March 1943	2,991,287	552,700,300
June 1942	2,206,970	353,364,409	April 1943	3,008,519	[1]

[1] No figures available.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FEDERAL CIVILIAN PERSONNEL
Nov. 11, 1918
Sept. 1, 1939
Sept. 1, 1940
Sept. 1, 1941
Sept. 1, 1942
Apr. 1, 1943

FIFTY-FIVE PERCENT OF FEDERAL EMPLOYEES NOT IN DIRECT WAR PRODUCTION

It is difficult to ascertain the exact number of people actively engaged in the direct production of war essentials. Much depends upon the definition of war essentials. Much depends, too, on where to draw the line between those actually engaged in fashioning the war materials and those engaged in administrative, advisory, and clerical work, etc.

It may definitely be stated, however, that no more than 7 establishments of the Federal Government are engaged in direct mechanical war production, namely the War Department, the Navy Department, the Maritime Commission, the Tennessee Valley Authority, the Panama Canal, Bureau of Standards, and the National Advisory Committee for Aeronautics. The total employment in these 7 establishments of those engaged in war production is 1,349,098. This excludes certain personnel in these agencies performing clerical, administrative and fiscal work.

The 519,438 employees of the War and Navy Departments who are working in clerical and administrative positions cannot be considered as in direct mechanical war production. Therefore they have been omitted from the following table:

War Department (except clerical, administrative, and fiscal employees)	809, 268
Navy Department (except clerical, administrative, and fiscal employees)	475, 436
Maritime Commission (except clerical, administrative, and fiscal employees)	2, 179
Tennessee Valley Authority (except clerical, administrative, and fiscal employees)	26, 213
Panama Canal	30, 187
Bureau of Standards	2, 235
National Advisory Committee for Aeronautics	3, 580
Total	1, 349, 098

The above figures include all employment (except as noted) in arsenals and navy yards, camps and airports, aircraft industries and ports of embarkation.

This total represents less than 45 percent of the civilian employees in the Federal Government. These are the only employees who are chiefly engaged in actual mechanical war production. The committee may be criticized for including in these figures a large number of employees who are undoubtedly not in war production. It has included, for example, all of the consultants, analysts, attorneys, auditors, accountants, janitors, charwomen, police guards, economists, building electricians, and numerous others in the War Department, the Navy Department, the Maritime Commission, and the Tennessee Valley Authority, and in addition, the clerical employees of the Panama Canal, Bureau of Standards, and the National Advisory Committee for Aeronautics.

It has been stated that more than 1,600,000, or approximately 60 percent of all Federal civilian employees are engaged directly in war production. However, from material furnished the committee, recapitulated in the above table, it is difficult if not impossible, to understand the basis for arriving at such a disproportionate figure. It is reasonable to presume that it was based upon the inclusion of

hundreds of thousands of employees within the clerical category. While the committee believes that some, but not all, of these clerical employees are essential, nevertheless it is clear that they are definitely not engaged in direct mechanical war production. Of course, the committee knows that many of the remaining Federal employees are essential to the war effort and to the maintenance of the Government. This division of employees is made to define the number of Federal civilian employees engaged in mechanical war production and those engaged in clerical, administrative, and fiscal duties. It emphasizes that this division does not attempt to establish an essential group of employees and a nonessential group. The committee finds that reductions in personnel can be made in both groups by improved efficiency and coordination without injury to the war effort. Investigations by and reports to the committee have shown that many of those clerical employees who have been included by others in their definition of those engaged in war production, are either idle, not employed in a position where their highest skills can be utilized, or are performing activities which duplicate and overlap those functions being performed by other employees in other agencies.

With 55 percent of the Federal employees not engaged in direct war production, and in view of the foregoing, it is obvious that cuts may be made in Federal personnel without hindering direct mechanical war production. Consequently, a drastic reduction can be made in the number of Federal employees without harmful effect to the war-production effort. That is to say, nonessential employees may be removed from Federal pay rolls by the Budget Bureau, which already has the power to make such reductions in over one-half of the Federal personnel pursuant to the authority contained in the Byrd-Langer amendment to the Overtime Pay Act.[1] Such a reduction will in no way jeopardize the war effort but will increase efficiency and morale, provide additional manpower for war work, reduce the Federal pay roll, and carry out the Overtime Pay Act.[1]

Other portions of this report show that the efforts of the 55 percent of the Federal employees who are not engaged in mechanical war-production work have not been fully utilized because of the lack of a vigorously administered war transfer program, and the failure to establish an effective Federal employee manpower pool.

SURVEY OF ALARMING INCREASE IN PERSONNEL

The committee has undertaken an unprecedented investigation and study of the personnel and pay rolls of the entire Federal Government. (See appendixes I–VI.) This began on December 24, 1941, when, anticipating this rise in needless personnel and resultant wasteful expenditures, the committee recommended that "every possible retrenchment be made in the administrative costs of the civil departments and agencies." It is clear that this has not been done. Since then attention has been focused on (1) the ever-increasing rate of employment; (2) the rise in pay-roll figures (not to be confused with congressional action increasing pay rates); (3) the unwarranted increases in salaries of employees receiving $2,500 or more; (4) the irregularities attendant to many promotions; and, as an underlying cause, (5) the

[1] Public Law 49, 78th Congress, approved May 7, 1943.

unsuccessful attempts of the Civil Service Commission to exercise properly many of its assigned functions. The committee feels that drastic action, as described herein, is necessary to curb this abuse of departmental power and consequent waste of Federal funds and manpower.

The following table makes clear the large increase in Federal employment:

Report of employees in the executive agencies [1]

Date	Total employees in District of Columbia	Total employees outside District of Columbia	Grand total employees	Total monthly pay roll	Total employee increase	Percent employee increase	Percent pay increase
July 1, 1939	123, 505	801. 755	925, 260	$140, 140, 553			
July 1, 1941	184, 236	1, 185, 874	1, 370, 110	205, 780, 916	444, 850	48. 1	46. 8
July 1, 1942	283, 756	1, 986, 722	2, 270, 478	353, 364, 409	1, 345, 218	145. 4	152. 1
Jan. 1, 1943	276, 228	2, 553, 520	2, 829, 748	470, 334, 353	1, 904, 488	205. 8	235. 6
April 1, 1943	278, 336	2, 730, 183	3, 008, 519		2, 083. 259	225. 2	

[1] The employment figures used in this report are for all agencies in the executive branch of the Federal Government except the President's War Relief Control Board.

From this table may be read the tremendous drain which the Government has exerted on the Nation's manpower. From 925,000 on July 1, 1939, the total has jumped to 2,270,000 just 3 years later, an increase of 145 percent. In the following 6 months the total had further risen to the alarming heights of 2,830,000, an increase of 205 percent since July 1, 1939. Latest committee figures show an increase of 225 percent to 3,008,519 in April 1943. In the last World War the ratio was one civilian Government employee to five soldiers. The ratio now is one civilian employee to two and one-half soldiers.

From employment figures interesting comparisons may be made on a 6-month basis:

Rise in Federal civilian employment

Average rise every 6 months from July 1939 to July 1941	110, 000
Average rise every 6 months from July 1941 to July 1942	450, 000
Actual rise in the 6 months from July 1942 to January 1943	559, 000

In other words, the employment has been increasing at a rate of nearly 50 percent semiannually. Despite the assurances of those who are responsible for the reduction of Federal personnel the committee has observed a constant month-to-month rise in the number of employees on Federal pay rolls.

Pay-roll figures, which do not include overtime pay, similarly reflect an upward trend. From a monthly pay roll of 140 millions as of July 1, 1939, the figure has risen steadily until as of January 1, 1943, the total reached $470,000,000. This indicates a 235 percent increase in pay roll as compared to a 205 percent increase in employment.

The pay increases in the higher-salary brackets in certain agencies are not isolated cases but are carried on in some instances on a large scale. Such increases reflect a pirating of employees, or trends in that direction, and a disregard for basic salary classifications and dangers of inflation.

AGENCIES DRAIN PERSONNEL MARKET

The committee made a study of the increase in personnel of certain agencies, particularly the new war agencies, a list of which follows:

Increase in personnel of certain new Federal agencies

Agency	July 1, 1942	Jan. 1, 1943	Apr. 1, 1943
Alien Property Custodian	229	1,118	1,195
Board of Economic Warfare	2,015	2,961	3,024
Office of Coordinator of Inter-American Affairs	804	1,079	1,253
Lend-Lease Administration	418	493	586
National Housing Agency	13,970	16,497	18,082
Office of Censorship	9,008	12,600	12,517
Office of Civilian Defense	1,160	1,550	1,616
Office of Defense Transportation	718	3,835	3,901
Office of Price Administration	22,981	44,517	51,817
Office of Scientific Research and Development	306	556	1,198
Office of War Information	2,391	3,617	3,698
War Labor Board, National	136	807	1,637
War Manpower Commission [1]	528	2,692	3,760
War Production Board	17,067	21,628	21,886
War Relocation Authority	212	641	1,898
War Shipping Administration	432	1,707	2,107
Total	72,375	116,298	130,175

[1] Excludes Selective Service System, National Youth Administration, and U. S. Employment Service.

While certain increases are to be expected in new agencies, in most instances overstaffing has taken place with resultant waste and duplication of effort. The doubling of the number of employees in the Office of Price Administration over a 9-month period, the large increases in the War Production Board, War Manpower Commission, and Office of Defense Transportation are evidences of a lack of restraint in their recruiting programs.

In addition, several departments and agencies have given ample evidence of overstaffing. The Department of Commerce, with 29,000 employees has more than doubled its size since July 1939. The Civil Service Commission, the Federal Deposit Insurance Corporation, General Accounting Office, National Advisory Committee for Aeronautics, and Reconstruction Finance Corporation—all have failed to redirect their recruiting to reasonable levels. The committee's studies reveal that those agencies and departments concerned with the war effort could reduce their employment considerably without weakening their programs; and that those agencies and departments not directly concerned with winning the war could cut their employment to the minimum.

WAR AND NAVY DEPARTMENTS

On July 1, 1939, the War Department had 109,886 employees. This figure rose sharply to 1,257,014 by January 1, 1943, an increase of 1,147,128. In the next 2 months the total had risen to 1,285,000. Similarly, the Navy Department showed a constant increase in personnel during the period July 1, 1939, to January 1, 1943. On the former date, the number of employees of the Navy Department totaled 85,400, while on the latter date the total number showed 559,590, an increase of 474,190 in this 3½-year period. Likewise,

the total number of Navy employees continued to increase during the first 2 months of 1943 to more than 580,000. These figures are, of course, only for the civilian personnel of the War and Navy Departments. They do not include any men in the armed services who from time to time are assigned office work in these two departments.

Complaints reaching the committee have indicated that a completely sound employee utilization program has not as yet become effective. In the past, the committee has been reluctant to criticize these two Departments in such matters, as inadequate record keeping, lack of organization, and faulty personnel placement, but in the future, when the consolidation of certain overlapping functions is accomplished, it intends to follow closely their efforts to utilize their personnel in a more effective manner.

Committee figures show that a large percentage of the increase in Federal civilian employment from July 1, 1939, to the present time has been due to increases in the clerical personnel of the War and Navy Departments.

The employees in the clerical (clerical, administrative, and fiscal service) category [1] within the Navy Department have increased from 10,437 in September 1939, to 94,390 in January 1943, and according to the Navy Department officials a further increase to 101,987 is contemplated by June 1943. These employees are not engaged in mechanical war production, and it is not reasonable that a number as large as one-sixth of the total Navy civilian personnel is needed to keep records and perform the routine clerical, administrative, and fiscal duties. In addition, 25,510 WAVES, SPARS, and members of the United States Marine Corps Women's Reserve, and a large number of enlisted and commissioned personnel similarly are also engaged in comparable routine clerical duties for the Navy Department.

The employees in the clerical (clerical, administrative, and fiscal service) category of the War Department likewise have had spectacular increases in their numbers. In July 1942, it is estimated that approximately 300,000 employees in the War Department were performing clerical duties. By October 1942, this figure rose to 406,037, and by January 1, 1943, there were 425,048 of these employees. Therefore, it is clear that today one-third of the total employees of the War Department are performing clerical, administrative, and fiscal duties. As in the case of the Navy Department this does not take into consideration the 63,300 WAAC's and the large number of enlisted and commissioned personnel who are also engaged in duties of a clerical nature.

On January 1, 1943, 519,438 employees were found by the committee to be in a clerical (clerical, administrative, and fiscal service) category in the War and Navy Departments. This represents over one-sixth of the personnel of the entire Federal Government who are performing clerical duties in the War and Navy Departments.

UNUSUAL PAY RAISES

The committee made a study of those employees in certain agencies of the Office for Emergency Management—namely, the Central Administrative Services, the War Relocation Administration, the

[1] The Classification Act of 1923 defines clerical, administrative, and fiscal service as follows: "The clerical, administrative, and fiscal service shall include all classes of positions the duties of which are to perform clerical, administrative, or accounting work, or any other work commonly associated with office, business, or fiscal administration" (5 U. S. C., 1940 ed., 673, approved Mar. 4, 1923; 42 Stat. 1491).

Office of Defense Transportation, the Board of Economic Warfare, the Board of Scientific Research and Development, the Office of the Coordinator of Inter-American Affairs, and the War Production Board—to determine current Office for Emergency Management practices of advancement. The study embraced all those employees who, on November 15, 1942, were receiving over $2,500 per annum. By comparing salary raises over a 2-year period from November 15, 1940, to November 15, 1942, it was determined that all of the above agencies showed unusual and apparently unwarranted pay raises in a large number of cases by reclassification of grades and promotions.

In the 7 agencies investigated over the 2-year period, a total of 568 employees received pay raises of more than $1,200 and less than $2,000, 234 received pay raises of between $2,000 and $3,000, 38 received pay raises of between $3,000 and $4,000, 14 received pay raises of between $4,000 and $5,000, 4 received pay raises of between $5,000 and $6,000, and 3 received pay raises of $6,000 or over. It must be borne in mind that these are raises in pay and do not include the regular per annum salaries of these employees on November 15, 1940.

While all the agencies studied are open to censure for unwarranted pay raises, the War Production Board and the Board of Economic Warfare are most outstanding. Three Board of Economic Warfare employees received raises in pay of $6,000 or over in the 2-year period between November 15, 1940, and November 15, 1942. Three employees—2 from the Board of Economic Warfare and 1 from the War Production Board—received raises in the same period which brought them in the $5,000 to $5,999 pay group. Eight employees of the Board of Economic Warfare and 6 from the War Production Board received raises of at least $4,000 and not more than $4,999. Fifteen from the Board of Economic Warfare and 18 from the War Production Board received pay raises of at least $3,000 and not more than $3,999. Forty-nine from the Board of Economic Warfare and 116 from the War Production Board received raises of from $2,000 to $2,999. No fewer than 61 employees of the Board of Economic Warfare and 282 employees of the War Production Board received raises of from $1,200 to $1,999. The average annual salary increase for these Board of Economic Warfare employees is $2,491.33.

The committee has yet to determine the salary levels of these employees since November 15, 1942, and the amount of salary increase attributed to recent wholesale promotions. More current data on unusual salary increases in this and in other agencies of the Federal Government will be included in a subsequent personnel report of the committee.

The committee made many studies of this nature which are not included in this report but the above detailed analyses are equally applicable to all of the agencies studied in this respect.

"SKIP GRADE" PROMOTIONS

A searching inquiry into the system of promotions was made by the committee to determine the methods used by the agencies to accelerate such wasteful and extravagant misuse of Federal funds. With respect to the responsibility for a vast number of rapid and lucrative promotions the personnel officers of the agencies blamed the Civil Service Commission. At first the Civil Service Commission refused to accept the

responsibility and blamed the agencies, but a few months ago when the committee was investigating this malpractice, the Commission adopted corrective measures, the effectiveness of which has not yet been determined. However, it is clear that responsibility for these increases in salaries was due in the last analysis to the Civil Service Commission, because that agency has the statutory authority to approve or act in an advisory capacity on all promotions. The committee's investigation revealed that despite the fact that the Congress in the Classification Act of 1923 intended that grades CAF–6, CAF–8, and CAF–10 be used, the agencies seldom used these classifications and that the Civil Service Commission has sanctioned this nonuse. It would be impossible to approximate what amount of Federal funds has been wasted and misused by way of "skip grade" promotions. In one agency Federal funds were being used in this manner at a rate of over $1,000,000 annually. The committee feels that such an inexcusable state of affairs can only be attributed to the failure of the respective agencies and the Civil Service Commission to cooperate and to administer, within proper spheres of jurisdiction, a uniformly intelligent personnel policy.

TOP-HEAVY PAY ROLLS

Actually 28 Government agencies are today paying employees from 4 to 18 times as much as the average Government agency pays its employees. This is borne out by the following analysis.

By examining the over-all salary practices in the Government as a whole and by checking this with a further examination of the salary rates of the "old line" departments, one is able to establish what may be considered a normal salary rate in the higher income brackets. Thus, of the total number of classified employees who were in the Federal Government service on October 31, 1942, only 3.8 percent of these were making $3,800 per annum or more, as evidenced by the following table:

Percentage of employees by salary brackets in classified Government service

Salary	Number of employees	Percentage of employees	Salary	Number of employees	Percentage of employees
Under $1,200	43,282	3.1	$2,500 to $2,999	85,902	6.2
$1,200 to $1,439	211,249	15.3	$3,000 to $3,799	48,615	3.5
$1,440 to $1,619	322,853	23.4	$3,800 to $4,499	25,023	1.8
$1,620 to $1,799	190,593	13.8	Over $4,499	27,715	2.0
$1,800 to $1,999	122,245	8.8			
$2,000 to $2,499	305,391	22.1	Total	1,382,868	100.0

From this it may seem that 25,023 employees, or 1.8 percent, are being paid from $3,800 to $4,499 while 27,715 employees, or 2 percent, are being paid $4,500 and up. Thus, only 3.8 percent of all Federal classified employees are paid $3,800 or more.

A further check as to an equitable distribution of employees reveals the following number of employees in the higher salary brackets in "old line" agencies. The War and Navy Departments were omitted from this group because of the unusual conditions existing today in those organizations. However, these two Departments actually have fewer highly paid classified civilian employees than do any of the others.

Table of 8 departments showing classified employees and percentage in upper income bracket (see appendix II)

Department	Number of employees	$3,800-$4,499		Over $4,500		Over $3,800	
		Number of employees	Percentage	Employees	Percentage	Employees	Percentage
Agriculture	76,624	2,125	2.8	2,635	3.4	4,760	6.2
Commerce	19,282	768	3.9	884	4.6	1,652	8.6
Interior	27,582	1,112	4.0	1,098	4.0	2,210	8.0
Justice	29,564	1,218	4.1	1,606	5.4	2,824	9.6
Labor	5,806	260	4.5	304	5.2	564	9.7
State	5,200	251	4.8	668	12.8	919	17.7
Treasury	59,344	1,436	2.4	2,428	4.1	3,864	6.5
Post Office	266,281	862	.3	296	.1	1,158	.5
Total	489,683	8,032	1.7	9,919	2.0	17,951	3.7

From these tables it is clear that 3.7 percent of the "old line" agency employees receive salaries of $3,800 or more, which percentage compares favorably with the 3.8 percent in the Government as a whole.

With reasonable variations allowed for highly specialized groups—such as the State Department above—one might expect this to be true of the entire Government. But even after allowing a 400-percent deviation from the normal salary rates for possible extraordinary conditions one still finds 28 agencies spending money wastefully in even higher income brackets. A list of these agencies follows:

Agencies with 15 percent or more classified employees paid over $3,800 per annum

Agency	Number of classified employees receiving $3,800 per annum or over	Percentage of classified employees receiving $3,800 per annum or more
Office for Emergency Management: Liaison Office	5	71
National Mediation Board	19	70
Office for Emergency Management: Office of Economic Stabilization	4	66
Bureau of the Budget	215	48
Federal Trade Commission	209	35
National Resources Planning Board	102	34
Office for Emergency Management: Office of Coordinator of Inter-American Affairs	344	33
Board of Investigation and Research	50	32
Tax Court of the United States	39	21
Securities and Exchange Commission	424	30
Tariff Commission	100	28
Interstate Commerce Commission	775	28
Office for Emergency Management: Office of Alien Property Custodian	278	28
National Capital Park and Planning Commission	5	27
Federal Power Commission	180	27
National Labor Relations Board	247	27
Reconstruction Finance Corporation	2,031	27
Bituminous Coal Consumers' Counsel	15	26
Office for Emergency Management:		
War Production Board	5,301	26
Lend-Lease	120	25
Board of Economic Warfare	640	23
Office for Emergency Management:		
Office of Civilian Defense	262	19
Office of Scientific Research and Development	79	18
War Manpower Commission	166	18
War Relocation Authority	139	18
National Housing Agency	2,564	18
State Department	919	17
National War Labor Board	49	17

Attention is specifically directed to the War Production Board with 5,301 employees receiving over $3,800, or 26 percent of its total employment; National Housing Agency, in which 2,564 employees receiving $3,800 or over comprise 18 percent of its total personnel; Reconstruction Finance Corporation, in which 2,031 employees receiving $3,800 or over comprise 27 percent of its personnel; the Interstate Commerce Commission, in which 775 employees receiving $3,800 or over comprise 28 percent of its personnel; the Board of Economic Warfare, in which 640 employees receiving $3,800 or over comprise 23 percent of its total personnel; the Securities and Exchange Commission, in which 424 employees receiving $3,800 or over comprise 30 percent of its total personnel; the Office of the Coordinator of Inter-American Affairs, in which 344 employees receiving $3,800 or over comprise 33 percent of its total personnel.

BREAK-DOWN IN PERSONNEL RECORDING SYSTEM

Under the authority vested in the Joint Committee on Reduction of Nonessential Federal Expenditures to inquire into the personnel practices of the Federal Government, a request was made by the committee that the departments and agencies of the Government furnish statistics on a monthly basis concerning their respective employees.

The committee experienced great difficulty in obtaining from the establishments of the Federal Government a monthly personnel and pay-roll report in a reasonable length of time. On April 28, 1943, there were 4 agencies which had not yet submitted complete reports for the month of December; 8 which had submitted no reports for the month of January; 17 which had submitted no reports for the month of February; and 27 which had submitted no reports for the month of March.

It is amazing to note that, in the face of the vast numbers of employees now on the pay roll of the Federal Government, the main reason given by the agencies for their inability to submit correct reports on time was "lack of sufficient personnel." Many of the agency personnel reports were incorrect as to mechanical details and even as to simple addition, facts which substantiate the committee's belief that large numbers of inefficient and untrained employees have been recruited and are still being carried on the pay rolls of the various executive establishments. One agency submitted three different reports for the same month before a correct one was achieved. Another completely overlooked reporting a field office in Chicago. Others did not make the effort to see that the quasi-independent bureaus, for which they were responsible, were informed about the report or given information as to the detail of its preparation. Failure to use a system of providing permanent records was another reason which made it difficult for the agencies to submit correct reports. Information which was current, it was said, may be procured, but past records relating to items of Federal personnel expenditures are not available.

Many agencies experienced difficulty in securing information from their numerous field offices scattered over the country because of failure or delay in submitting reports to their central offices in Washington. This was true especially of the Department of Agriculture,

the Department of the Interior, the Panama Canal, and the Division of Central Administrative Services in the Office for Emergency Management. The Department of Agriculture reported 68,210 employees to the committee as of January 1, 1943, and reported 76,875 employees to the Civil Service Commission for the same date. Thus this Department is unable to determine within more than 8,000 the actual number of employees it has on its pay roll. In discrepancies of this type the situation at the Department of Agriculture is a typical but not an isolated instance.

In a short while it became apparent that it would be almost impossible to secure this information on a current basis by reason of the fact that over a period of years a sound businesslike procedure had not been adopted by the agencies and the Civil Service Commission to secure such information readily. The Civil Service Commission from the outset was unable to furnish this information despite the fact that it is the central personnel servicing agency of the Federal Government. The situation was further complicated by the fact that departments and agencies had not followed the lines set by the Classification Act in determining categories into which employees should be placed. Thousands of field positions have not as yet been placed under the Classification Act in a uniform manner as provided by the Brookhart Act of 1930 and the Mead-Ramspeck Act of 1940. In addition it is difficult to ascertain the categories of those employees specifically exempted from civil-service examinations, by section 3, rule 2, of the Civil Service Rules and Regulations. Also, those employees paid on the basis of prevailing wage scale in a particular locality, including mechanics, tradesmen employees, laborers, and artisans, seasonal employees, temporary employees paid on a per diem basis, and scores of other special categories—none of these fall under the Classification Act unless it is so desired by the particular agency involved. Therefore, it was evident from this that the committee not only had to devise means of obtaining this information readily, but also had to encourage a more uniform, practical and efficient method of reporting. A series of conferences arranged by the committee with representatives of the various departments and agencies, including the Civil Service Commission, the Bureau of the Budget, and the War and Navy Departments, resulted in the formulation of plans which would enable the Civil Service Commission to gather pertinent personnel data in a more intelligible and uniform manner. It is too early to predict the final outcome of these conferences but it is hoped that the Civil Service Commission will modernize its reporting system so that all information pertaining to Federal personnel may be readily available to interested authorities. Such a system would obviate the necessity of the constant harassment of Federal personnel officers by various fact-finding and statistic-gathering governmental groups.

It is clear that a uniform personnel reporting system must be based on uniform job descriptions and a uniform classification of positions and salaries. The situation regarding the classification of employees within the Federal service has aggravated this entire problem of personnel reporting. From committee personnel reports it is obvious that a uniform employee classification system has not yet been put into operation by the Civil Service Commission. Investigation has

revealed that thousands of employees all through the Federal service performing identical duties have been placed in different classifications and are receiving various salaries for the same work. This not only is a reprehensible situation unfair to the Federal employees, but wastes thousands of dollars of Federal funds.

In this connection it should be pointed out that the Civil Service Commission has not fully complied with the part of the Classification Act of 1923 which reads:

> Its regulations shall provide for ascertaining and recording the duties of positions and the qualifications required of incumbents, and it shall prepare and publish an adequate statement giving (1) the duties and responsibilities involved in the classes to be established within the several grades, illustrated where necessary by examples of typical tasks, (2) the minimum qualifications required for the satisfactory performance of such duties and tasks, and (3) the titles given to said classes (5 U. S. C. 1940 ed. 663; approved March 4, 1923; 42 Stat. 1489).

Future investigations and reports will deal more fully with this problem as it relates to unnecessary Federal expenditures.

EMPLOYEES' PROTESTS INVESTIGATED

Supplementing the information received by the committee from the agencies were hundreds of letters and complaints received from Federal employees who believed that a greater economy and a reduction in personnel in the Federal Government would aid the war program and would abolish red tape, wasted effort, and negligence. The committee is appreciative of these expressions of interest, and it is hoped that Federal employees will continue their cooperation in this manner. In many instances these complaints were wholly justified. Investigations were conducted and several times the problem was remedied by the agency itself during the course of the investigation. One agency in particular reorganized an entire division under investigation by the committee and transferred the major portion of its personnel to the field. Three weeks after the committee began investigating the loose promotion practices in the Federal service the Civil Service Commission issued an order placing certain restrictions on promotions.

FAULTY EXECUTION OF CLASSIFICATION ACT

It has come to the attention of the committee that within the Federal Government, both in the departmental and field service, there exist inequities and waste because of the fact that employees performing the same duties are designated by different civil-service title, grade and salary classifications. Under existing legislation, the committee believes that there is no excuse for this situation within the departmental service and seriously doubts that it should exist in the field service. By the Classification Act of 1923 and the Brookhart Act of 1930 (with certain exceptions provided for by law), departmental and field employees were brought within a classified civil service. The difference between the Civil Service Commission's jurisdiction over field and departmental classifications has arisen because of the Comptroller General's decisions stating in effect that the Commission has no authority "to review or revise adjustments in pay of positions in the field service." Therefore, as far as uniformity of positions within the field service is concerned the responsibility in the final analysis has

rested on the departments and agencies. The Mead-Ramspeck Act of 1940 provides that by Executive order the entire departmental and field service shall be brought under the classified civil service (with certain exceptions provided for by law). The committee expresses the hope that the proper execution of future Executive orders on this score will operate to wipe out the inequities and waste present today.

For a long time the committee has been aware that the departments and agencies are solving the problem of inefficient personnel by the recruitment of scores of additional employees. This policy of making up in quantity what is lacking in quality is tacit admission that an effective personnel administration is absent and a dilatory and more expensive solution is being used. The committee believes that in the future attempts should be made to recruit for and employ in key positions only those who are fully qualified and are capable administrators, and those who are more concerned with winning the war than with personal aggrandizement.

OVERLAPPING PERSONNEL FUNCTIONS AND ACTIVITIES

The committee has been apprised that there have been extensive recruiting programs carried on by many of the Federal agencies. Aside from the merits of their individual recruiting activities the committee was concerned with the fact that these overlapped and duplicated generally accepted functions of the Civil Service Commission. This duplication has wasted thousands of dollars of Federal funds. Regardless of whether this condition arose as a result of the failure of the Civil Service Commission to exercise its rightful function or as a result of the Commission's failure to plan effectively for future needs, it is clear the situation is intolerable.

The performance of functions which heretofore was considered as incumbent upon the Civil Service Commission and which has been duplicated by other departments and agencies has not been restricted to the field of recruiting alone, for an examination has shown that this duplication has extended to interviewing, examining, investigating, and placing applicants.

One department in its report stated that one of its divisions operated a—

> miniature civil-service commission in receiving and rating applications, and certifying eligibles * * *. In this connection 9,359 applications were received, personally examined and rated, and 1,975 certificates of eligibles containing 4,609 names were issued from which selections were made.

LABOR UTILIZATION REQUIRES MANPOWER POOL

The committee finds that the turn-over in Federal personnel is due to (*a*) the absence of a uniform personnel policy, (*b*) the lack of a full labor utilization program, (*c*) lack of planning, and (*d*) inefficient administrative management.

It is reasonable to presume that the recruitment of vast numbers of new employees could be eliminated if the available Government manpower pool—namely, those employees already in Government service—was used to its fullest extent. Many efforts have been made in this direction, but as yet only the surface has been scratched. The committee believes that the solution to the problem is through more concerted action and cooperation rather than through confusing,

countermanding, and contradictory circular letters, orders, and regulations.

Pursuant to several Executive orders and War Manpower directive 10, the Civil Service Commission has been given complete control over the war transfer program within the Federal Government service. However, it has not been successful in initiating and executing such a program in a really effective manner.

About a year and a half ago the Commission set up a War Transfer Unit, but did very little to advertise it among the Federal workers or to give the unit proper emphasis. The Committee's investigation showed that from an organizational standpoint that unit functioned well and its procedure was modernized in every way possible. However, for some reason not entirely clear, the Commission changed the procedure and instead of 6 actions being required to effect a transfer under the previous set-up, now 10 major and 35 minor actions by employees are necessary. The investigation showed also that war transfer files are not consulted before a new employee is certified to an agency.

Many Government employees were interviewed, who stated that they had never heard of the war-transfer program. A responsible official of the Civil Service Commission admitted that the Commission had not really tried to make the program as effective as it should be. He thought that "possibly the Commission would have to implement its regulations."

A few employees who had used the facilities of the Civil Service Commission's war-transfer program and had reported overstaffing and waste in their agencies, stated that retaliatory measures had been taken against them in a prejudical and unfair manner.

Therefore, the Federal Government finds itself in the peculiar position of advocating and sponsoring a full labor-utilization program within private industry, but neglecting the same problem insofar as the Federal service is concerned.

Failure to attack this problem effectively does not rest entirely upon the Civil Service Commission, because, coincident with such a governmental program, the departments and agencies should have instituted a survey within their own organizations to determine whether all employees were working at top capacity in positions for which they were best suited, and those not necessary should have been discharged or transferred to other parts of the Federal service. Instead of adopting such a policy and solving an acute labor shortage in this manner, the departments and agencies, with a few exceptions, recruited needless numbers of employees at the expense of an American public which was soon to feel the pinch of the extravagant and wasteful expense in higher taxes.

The committee wishes to commend the efforts of those departments and agencies whose administrators attacked this problem realistically and set up a division with the power to make the necessary changes equitably and in accordance with full manpower utilization, but at the same time the committee regrets that this was not done in other departments and agencies of the Government.

With the United States faced with an acute labor shortage of competent and qualified employees it is imperative that the Government put a brake on recruiting, and adopt an efficient, well-planned, fair, and equitable labor-utilization program.

EFFECT OF OVERTIME PAY LAWS

(Public Law 821, 77th Cong., and Public Law 49, 78th Cong.)

On December 22, 1942, the temporary overtime pay resolution (Public Law 821, 77th Cong.) was approved. It provided overtime compensation for approximately 2,180,000 Federal civilian employees retroactive to December 1, 1942, and extending to April 30, 1943. Senator Harry F. Byrd, chairman of the Joint Committee on Reduction of Nonessential Federal Expenditures, and Senator William Langer caused section 2 to be added to the overtime pay resolution. Section 2 provided as follows:

SEC. 2. Within thirty days after the enactment of this Act the heads of departments and agencies in the executive branch, whose employees are affected by the provisions of this joint resolution, shall present to the Director of the Bureau of the Budget such information as he shall require for the purpose of justifying the number of employees in their respective departments or agencies. If any such department or agency fails to present such information or if, in the opinion of the Director, the information so presented fails to disclose that the number of such employees in any department or agency is necessary to the proper and efficient exercise of its functions, the personnel of such department or agency shall be reduced, upon the order of the Director, by such number as the Director finds to be in excess of the minimum requirements of such department or agency. Upon the expiration of thirty days from the date of issuance of such order by the Director of the Bureau of the Budget the provisions of the first section of this joint resolution shall cease to be applicable to the employees of the agency affected by such order, unless and until the head thereof has certified to the Director of the Bureau of the Budget that such order has been complied with. The Civil Service Commission is authorized to transfer to other departments or agencies any employees released pursuant to this section, whose services are needed and can be effectively utilized by such other departments or agencies.

This provision gave the Director of the Bureau of the Budget authority to order reductions in the personnel of the departments and agencies subject to the overtime-pay law. One of the most important factors considered by the Director was the effect of the increased number of working hours, and it was assumed that the amount of reductions in personnel would be in direct proportion to that increase.

The Byrd-Langer amendment was continued in section 11 of the War Overtime Pay Act of 1943 (Public Law 49, 78th Cong., approved May 7, 1943), which law extended the overtime compensation for Federal civilian employees to June 30, 1945. Section 11 of the latter act provides as follows:

SEC. 11. The heads of departments and agencies in the executive branch, whose employees are affected by the provisions of this Act, shall present to the Director of the Bureau of the Budget and to the Congress such information as the Director shall from time to time, but not less frequently than the first day of each quarter, require for the purpose of determining the number of employees required for the proper and efficient exercise of the functions of their respective departments and agencies. The Director shall, from time to time, but not less frequently than the thirtieth day after the beginning of each quarter, determine the number of employees so required, and any personnel of any such department or agency in excess thereof shall be released at such times as the Director shall order. Such determination shall be reported to the Congress each quarter. Sections 2 and 3 of this Act shall cease to be applicable to the employees of such department or agency unless the head thereof shall certify within thirty days from the effective date so prescribed by the Director that the number of employees of this agency does not exceed the number determined by the Director to be required for the proper and efficient exercise of its functions. Any determinations and directions made by the Director under the authority of Public Law 821, Seventy-seventh Congress, are hereby continued in effect until modified by him. The

Civil Service Commission is authorized to transfer to other departments and agencies any employees released pursuant to this section whose services are needed in and can be effectively utilized by such other departments or agencies, and the services of these employees are to be utilized by the departments and agencies before additional employees are recruited.

The continued increase in Federal employment gives rise to the speculation as to what effect the Byrd-Langer amendment has had on the reduction of Federal employment. The committee is at present obtaining information from the Civil Service Commission and the Bureau of the Budget in the form of progress reports which will reflect the true effect of the reduction orders. In the near future, when such information is complete, the committee will report its findings to the President and to the Congress.

GENERAL CONCLUSIONS

1. Any needless Federal personnel and resultant administrative expenses is a hindrance to the war effort and is also an unnecessary burden on the American taxpayer. Despite the committee's recommendation on December 24, 1941, that administrative costs be held to a minimum, the problem today is more acute than ever. (See recommendations 1 and 2.)

2. During the past 2 years too much emphasis has been placed on positive recruiting and not enough importance has been attached to a full labor utilization program. This has caused poor morale, inefficiency, unnecessary personnel and resultant wasteful expenditures. (See recommendation 3.)

3. Functions ordinarily performed by the Civil Service Commission have been usurped by the individual departments and agencies of the Federal Government leaving a field of doubtful authority thereby causing a duplication and an overlapping of such functions. (See recommendation 4.)

4. Within the past 2 years the beneficial effects of a merit system have been impaired and Federal funds have been wasted through the negligent attitude of the personnel officers and operating officials of the various departments and agencies. (See recommendation 6.)

5. Unwarranted promotions of employees receiving $2,500 per annum or more have been sanctioned by the various agencies and approved by the Civil Service Commission. In this connection the policy of granting "skip grade" promotions, instituted widely by the executive agencies with the approval of the Civil Service Commission, clearly violates the Classification Act of 1923. (See recommendation 6.)

6. The institution of a uniform personnel reporting procedure based upon a uniform position classification structure satisfying legislative and executive needs for personnel information is imperative. (See recommendation 7.)

7. The problems raised by this report have been aggravated by the fact that various agencies have hampered the Civil Service Commission in its efforts to carry out a well defined personnel policy in line with the broad authorization given the Commission under the Civil Service Act of 1883 and have not given the Commission their fullest cooperation in reporting personnel statistics. (See recommendation 7.)

8. The Civil Service Commission throughout the war period has concentrated most of its resources on recruiting. The Commission must recognize, however, that it also has the responsibility, as the central personnel agency of the Government, of exercising leadership in connection with all phases of personnel administration. The Commission has in some instances exercised this leadership. In others it has not. This failure has aggravated the problems raised by this report. (See recommendation 8.)

RECOMMENDATIONS

The committee recommends:

1. That a 300,000 reduction in personnel be promptly carried out by all departments and agencies of the Federal Government. The committee believes that much further reductions can be safely effected without interference with the war effort by a firm determination of all branches of the Government to eliminate all unnecessary personnel. The Director of the Bureau of the Budget can effect much of this reduction through an effective use and execution of the authority and power contained in the Byrd-Langer amendment in the Overtime Pay Act (sec. 11, Public Law 49, 78th Cong., approved May 7, 1943.) This power applies to all employees in the classified service comprising over one-half of the total Federal civilian personnel. In the remaining half the proper officials in charge shall take the necessary steps to effect all possible reductions of personnel. It is of course realized that this reduction cannot be made on a uniform basis as some agencies can afford a greater reduction than others.

2. That the Civil Service Commission and the respective personnel offices of the various departments and agencies of the Federal Government immediately cease all unnecessary recruiting of employees, particularly from sources outside the Government service; and that the Civil Service Commission be specifically authorized to enforce this measure.

3. That the Federal labor-utilization program be strengthened by the Civil Service Commission by forming an effective manpower pool to use fully the services of those employees already in the Federal Government.

4. That the Civil Service Commission exercise its authority to guard against activities of recruiting, interviewing, investigating, and placing of employees by the personnel offices of the various departments and agencies of the Federal Government.

5. That steps be taken immediately in all personnel offices of the various departments and agencies pending adjustment of functions outlined in the above recommendations to improve the selection of their employees as to quality in order that the number of new employees hired may be reduced to a minimum; and that the Civil Service Commission take full responsibility for this action.

6. That a sound employee promotion system be adopted by the Federal Government; and that the Civil Service Commission take full responsibility for modernizing; effecting and policing such systems in line with the Classification Act of 1923.

7. That a uniform system of reporting personnel statistics to the Civil Service Commission with a satisfactory occupational and functional break-down be instituted immediately by all departments and agencies of the Federal Government; and that this method replace the antiquated system now in use; and that this new personnel report

be so constituted as to satisfy the needs of the executive and legislative groups now desiring such information; and that the Civil Service Commission be empowered and instructed to make this change immediately.

8. That the Civil Service Commission should spend more and more of its time and resources on the exercise of such functions as those outlined in this report. It should make sure, in its relations with the President, with the departments, and with the Congress, that it is constantly exercising the vigorous type of leadership which the Nation has the right to expect from its central personnel agency.

9. That the Civil Service Commission and the Bureau of the Budget immediately take steps to eliminate the evils herein outlined, and use their respective authority to prevent the wasteful personnel malpractices prevalent within the Federal service, and if those ends cannot be achieved in a cooperative and effective manner, the entire personnel-servicing and business-management functions of the Federal Government should be reorganized.

10. That in order to reduce recruiting, eliminate overstaffing, and make effective the war-transfer program the Civil Service Commission in conjunction with the Bureau of the Budget adopt the following procedure: (A) Under authority now vested in the Bureau of the Budget, and upon information gathered by that agency from all sources the Bureau of the Budget prepare and furnish the Civil Service Commission with information as to the existence and contemplated existence of surplus employees in every department and agency of the Government; and (B) that the Civil Service Commission by using the authority vested in it by War Manpower Directive No. 10 use the services of those employees and place them where they can be utilized before the recruitment of any single new employee.

LETTER OF THE SECRETARY OF THE TREASURY

THE SECRETARY OF THE TREASURY,
Washington, June 12, 1943.

HON. HARRY F. BYRD,
Chairman, Joint Committee on Reduction of Nonessential Federal Expenditures, Senate Office Building, Washington, D. C.

MY DEAR MR. CHAIRMAN: Receipt is acknowledged of your letter of June 4, 1943, requesting an expression of my views on the tentative report on Government personnel which you furnished on May 26, but which has been subsequently revised, and which you have been directed by the committee to submit to Congress at an early date.

I am in accord with the committee's views that the tremendous expansion in Federal personnel is a cause of serious concern, and that agencies of the Government, including new war agencies, should redouble their efforts to reduce their employment. It should be borne in mind, however, that many of the older agencies have had duties incident to the war placed upon them, and furthermore have without question done a better job in holding down their personnel requirements than some of the newer agencies by reason of their more mature experience in dealing with problems of personnel, with consequent better controls over such matters. Also, they have lost the services of many of their most valuable employees who have entered the armed forces. This situation has undoubtedly had its effect upon efficiency of operations and resulted in a tendency to require a greater number of untrained persons or inexperienced employees to carry on essential services. This has been our experience in the Treasury, and it is reasonable to assume that other agencies have had the same experience.

As Secretary of the Treasury, I am in a position to appreciate the personnel problems of the executive agencies because I meet such problems in administering the Treasury Department and, as a member of the committee, I recognize our

duty to strive for the reduction of nonessential Federal expenditures. Improvement in governmental administrative management, including personnel, will be a positive step in the direction of economy, but wartime administration (especially war on the scale in which we are now engaged) accentuates our personnel problems and consequently makes improvements more difficult to accomplish. We should nevertheless correct or eliminate obvious unsatisfactory conditions wherever possible and lay long-range plans for our post-war guidance in this field.

In the relatively short time available, and on account of my preoccupation with matters involved with our financing operations, I have not been able to fully acquaint myself with or to analyze the detailed information upon which the committee's general conclusions (p. 17) and its recommendations (p. 18) have been based.

I do not share the general implications in the report that the Civil Service Commission has failed to exercise properly its assigned functions and is primarily responsible for many of the unfavorable personnel conditions mentioned in the report. The Civil Service Commission has been the advocate of improved personnel procedures for several years, but was unable to accomplish such improvements for the reason that it, along with other Government agencies, was handicapped by inadequate appropriations for improving personnel administration.

In the present emergency when the energies of the greater percentage of Government personnel are being taxed to the utmost in performing essential functions relating to the war effort, it is my belief that it is not an opportune time to undertake drastic and far-reaching changes in Government personnel administration. Nevertheless, I am in sympathy with the committee's objectives and with the reservations herein outlined join in the committee's report.

I will be glad if you will include these comments with the committee report.

Very truly yours,

H. MORGENTHAU, JR.,
Secretary of the Treasury.

LETTER OF THE DIRECTOR OF THE BUREAU OF THE BUDGET

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D. C., June 14, 1943.

Hon. HARRY F. BYRD,
Chairman, Joint Committee on Reduction of Nonessential Federal Expenditures, Washington, D. C.

MY DEAR MR. CHAIRMAN: If I were to sign the committee report on Federal personnel, I would be in the position of predetermining the judgments which I am required by law to make quarterly.

Sincerely yours,

HAROLD D. SMITH, *Director.*

APPENDIXES

APPENDIX I.—*Increase in Federal employment by department and agency*

Agency or department	Date	Inside D. C.	Outside D. C.	Total	Total increase
Office of the President [1]	July 1, 1939	109	----------	109	
	July 1, 1941	997	274	1,271	
	July 1, 1942	1,511	380	1,891	
	Jan. 1, 1943	847	111	958	
	Apr. 1, 1943	830	116	946	837
State Department	July 1, 1939	1,004	4,755	5,759	
	July 1, 1941	1,784	5,225	7,009	
	July 1, 1942	2,434	4,470	6,904	
	Jan. 1, 1943	2,653	5,263	7,916	
	Apr. 1, 1943	2,831	5,524	8,355	2,596
Treasury Department [2]	July 1, 1939	22,070	45,932	68,002	
	July 1, 1941	20,691	44,882	65,573	
	July 1, 1942	24,434	43,563	67,997	
	Jan. 1, 1943	24,746	47,275	72,021	
	Apr. 1, 1943	24,202	52,498	76,700	8,698
War Department	July 1, 1939	5,924	103,962	109,886	
	July 1, 1941	23,176	297,115	[3] 320,291	
	July 1, 1942	54,450	770,248	[4] 824,698	
	Jan. 1, 1943	59,843	1,197,171	1,257,014	
	Apr. 1, 1943	62,159	1,307,577	1,369,736	1,259,850
Justice Department	July 1, 1939	2,732	6,873	9,605	
	July 1, 1941	6,095	15,306	21,401	
	July 1, 1942	7,265	20,864	28,129	
	Jan. 1, 1943	8,156	21,723	29,879	
	Apr. 1, 1943	8,371	22,249	30,620	21,015
Post Office Department	July 1, 1939	4,670	289,981	294,651	
	July 1, 1941	5,334	309,847	315,181	
	July 1, 1942	6,173	313,590	319,763	
	Jan. 1, 1943	6,594	317,935	324,529	
	Apr. 1, 1943	6,466	315,664	322,130	27,479
Navy Department	July 1, 1939	12,078	73,313	85,400	
	July 1, 1941	25,559	197,303	222,862	
	July 1, 1942	45,796	404,030	449,826	
	Jan. 1, 1943	47,813	511,777	559,590	
	Apr. 1, 1943	49,013	570,438	619,451	534,051
Interior Department [5]	July 1, 1939	13,332	38,250	51,582	
	July 1, 1941	4,500	43,479	[3] 47,979	
	July 1, 1942	5,401	41,954	[4] 47,355	
	Jan. 1, 1943	5,007	36,732	41,739	
	Apr. 1, 1943	4,383	35,486	39,869	
Agriculture Department [6]	July 1, 1939	12,056	95,172	107,228	
	July 1, 1941	12,891	76,883	[3] 89,774	
	July 1, 1942	11,146	81,721	[4] 92,867	
	Jan. 1, 1943	10,531	66,344	76,875	
	Apr. 1, 1943	10,384	64,208	74,592	
Commerce Department [7]	July 1, 1939	4,590	10,001	14,591	
	July 1, 1941	13,613	10,283	23,896	
	July 1, 1942	15,268	14,788	30,056	
	Jan. 1, 1943	12,558	13,713	26,271	
	Apr. 1, 1943	8,871	17,330	29,201	14,610
Labor Department	July 1, 1939	2,613	4,033	6,646	
	July 1, 1941	2,416	2,163	4,579	
	July 1, 1942	2,242	2,703	4,945	
	Jan. 1, 1943	2,255	2,823	5,078	
	Apr. 1, 1943	2,137	3,898	6,035	
Federal Security Agency	July 1, 1939	----------	----------	----------	
	July 1, 1941	9,771	22,101	[3] 31,872	
	July 1, 1942	10,306	22,965	[4] 33,271	
	Jan. 1, 1943	7,274	22,818	30,092	
	Apr. 1, 1943	6,875	24,557	31,432	31,432

See footnotes at end of table.

APPENDIX I.—*Increase in Federal employment by department and agency*—Con.

Agency or department	Date	Inside D. C.	Outside D. C.	Total	Total increase
Federal Works Agency	July 1, 1939				
	July 1, 1941	13,003	25,460	38,463	
	July 1, 1942	15,085	20,968	36,053	
	Jan. 1, 1943	15,378	11,269	26,647	
	Apr. 1, 1943	15,683	10,181	25,864	25,864
Office for Emergency Management: Liaison Office	July 1, 1939				
	July 1, 1941				
	July 1, 1942	24		24	
	Jan. 1, 1943	21	1	22	
	Apr. 1, 1943	15		15	15
	Apr. 1, 1943	15		15	15
Division of Central Administrative Services	July 1, 1939				
	July 1, 1941				
	July 1, 1942	2,386	1,870	4,256	
	Jan. 1, 1943	2,613	3,362	5,975	
	Apr. 1, 1943	2,651	3,788	6,439	6,439
Economic Stabilization Board	July 1, 1939				
	July 1, 1941				
	July 1, 1942				
	Jan. 1, 1943	8		8	
	Apr. 1, 1943	8		8	8
National War Labor Board	July 1, 1939				
	July 1, 1941				
	July 1, 1942	120	16	136	
	Jan. 1, 1943	501	306	807	
	Apr. 1, 1943	421	1,215	1,636	1,636
Office of Alien Property Custodian	July 1, 1939				
	July 1, 1941				
	July 1, 1942	155	74	229	
	Jan. 1, 1943	493	625	1,118	
	Apr. 1, 1943	475	720	1,195	1,195
Office of Civilian Defense	July 1, 1939				
	July 1, 1941				
	July 1, 1942	701	459	1,160	
	Jan. 1, 1943	737	813	1,550	
	Apr. 1, 1943	751	865	1,616	1,616
Office of the Coordinator of Inter-American Affairs	July 1, 1939				
	July 1, 1941				
	July 1, 1942	683	121	804	
	Jan. 1, 1943	780	299	1,079	
	Apr. 1, 1943	828	425	1,253	1,253
Office of Defense Transportation	July 1, 1939				
	July 1. 1941				
	July 1, 1942	474	244	718	
	Jan. 1, 1943	652	3,183	3,835	
	Apr. 1, 1943	696	3,205	3,901	3,901
Office of Lend-Lease Administration	July 1, 1939				
	July 1, 1941				
	July 1, 1942	418		418	
	Jan. 1, 1943	493		493	
	Apr. 1, 1943	487	89	576	576
Office of Scientific Research and Development	July 1, 1939				
	July 1, 1941				
	July 1, 1942	242	64	306	
	Jan. 1, 1943	458	98	556	
	Apr. 1, 1943	531	667	1,198	1,198
Office of War Information [8]	July 1, 1939				
	July 1, 1941				
	July 1, 1942	1,185	1,206	2,391	
	Jan. 1, 1943	1,359	2,258	3,617	
	Apr. 1, 1943	1,166	2,532	3,698	3,698
War Production Board	July 1, 1939				
	July 1, 1941				
	July 1, 1942	11,428	5,639	17,067	
	Jan. 1, 1943	14,400	7,228	21,628	
	Apr. 1, 1943	14,370	7,516	21,886	21,886

See footnotes at end of table.

APPENDIX I.—*Increase in Federal employment by department and agency*—Con.

Agency or department	Date	Inside D. C.	Outside D. C.	Total	Total increase
Office for Emergency Management—Con.					
War Manpower Commission [9]	July 1, 1939	----------	----------	----------	
	July 1, 1941	----------	----------	----------	
	July 1, 1942	1,181	25,461	26,642	
	Jan. 1, 1943	3,017	39,581	[10] 63,083	
	Apr. 1, 1943	3,489	38,529	[10] 63,559	63,559
War Relocation Authority	July 1, 1939	----------	----------	----------	
	July 1, 1941	----------	----------	----------	
	July 1, 1942	63	149	212	
	Jan. 1, 1943	110	531	641	
	Apr. 1, 1943	252	1,646	1,898	1,898
War Shipping Administration	July 1, 1939	----------	----------	----------	
	July 1, 1941	----------	----------	----------	
	July 1, 1942	299	133	432	
	Jan. 1, 1943	647	1,060	1,707	
	Apr. 1, 1943	691	1,416	2,107	2,107
Board of Economic Warfare	July 1, 1939	----------	----------	----------	
	July 1, 1941	----------	----------	----------	
	July 1, 1942	1,960	55	2,015	
	Jan. 1, 1943	2,684	277	2,961	
	Apr. 1, 1943	2,630	394	3,024	3,024
Office of Censorship	July 1, 1939	----------	----------	----------	
	July 1, 1941	----------	----------	----------	
	July 1, 1942	631	8,377	9,008	
	Jan. 1, 1943	788	11,812	12,600	
	Apr. 1, 1943	824	11,693	12,517	12,517
Office of Price Administration	July 1, 1939	----------	----------	----------	
	July 1, 1941	----------	----------	----------	
	July 1, 1942	4,698	18,283	22,981	
	Jan. 1, 1943	5,020	39,497	44,517	
	Apr. 1, 1943	5,106	46,711	51,817	51,817
Office of Strategic Services	July 1, 1939	----------	----------	----------	
	July 1, 1941	----------	----------	----------	
	July 1, 1942	881	679	1,560	
	Jan. 1, 1943	929	231	1,160	
	Apr. 1, 1943	1,180	254	1,434	1,434
Petroleum Administrator for War	July 1, 1939	----------	----------	----------	
	July 1, 1941	----------	----------	----------	
	July 1, 1942	----------	----------	----------	
	Jan. 1, 1943	679	356	1,035	
	Apr. 1, 1943	774	476	1,250	1,250
Alley Dwelling Authority. (Now National Capital Housing Authority.)	July 1, 1939	31	----------	31	
	July 1, 1941	156	----------	156	
	July 1, 1942	219	----------	219	
	Jan. 1, 1943	247	----------	247	
	Apr. 1, 1943	246	----------	246	215
American Battle Monuments Commission	July 1, 1939	9	115	124	
	July 1, 1941	20	91	111	
	July 1, 1942	7	----------	7	
	Jan. 1, 1943	5	----------	5	
	Apr. 1, 1943	4	----------	4	
Bituminous Coal Consumers' Counsel	July 1, 1939	----------	----------	----------	
	July 1, 1941	51	----------	51	
	July 1, 1942	45	----------	45	
	Jan. 1, 1943	42	----------	42	
	Apr. 1, 1943	41	----------	41	41
Board of Governors, Federal Reserve System.	July 1, 1939	401	24	425	
	July 1, 1941	448	22	470	
	July 1, 1942	441	20	461	
	Jan. 1, 1943	428	9	437	
	Apr. 1, 1943	460	13	473	48
Board of Investigation and Research—Transportation.	July 1, 1939	----------	----------	----------	
	July 1, 1941	----------	----------	----------	
	July 1, 1942	136	----------	136	
	Jan. 1, 1943	168	----------	168	
	Apr. 1, 1943	170	----------	170	170

See footnotes at end of table.

APPENDIX I.—*Increase in Federal employment by department and agency*—Con.

Agency or department	Date	Inside D. C.	Outside D. C.	Total	Total Increase
Civil Aeronautics Board	July 1, 1939	----------	----------	----------	
	July 1, 1941	----------	----------	----------	
	July 1, 1942	----------	----------	----------	
	Jan. 1, 1943	265	31	296	
	Apr. 1, 1943	263	30	293	293
Civil Service Commission	July 1, 1939	1,387	381	1,768	
	July 1, 1941	4,292	2,417	6,709	
	July 1, 1942	4,486	3,346	7,832	
	Jan. 1, 1943	3,817	3,532	7,349	
	Apr. 1, 1943	3,582	3,511	7,093	5,325
Commission of Fine Arts	July 1, 1939	----------	----------	----------	
	July 1, 1941	----------	----------	----------	
	July 1, 1942	----------	----------	----------	
	Jan. 1, 1943	3	----------	3	
	Apr. 1, 1943	2	----------	2	2
Employees' Compensation Commission	July 1, 1939	465	56	521	
	July 1, 1941	458	68	526	
	July 1, 1942	31	498	529	
	Jan. 1, 1943	33	481	514	
	Apr. 1, 1943	36	494	530	
Export-Import Bank	July 1, 1939	13	----------	13	
	July 1, 1941	31	----------	31	
	July 1, 1942	46	----------	46	
	Jan. 1, 1943	50	----------	50	
	Apr. 1, 1943	54	----------	54	41
Federal Communications Commission	July 1, 1939	422	194	616	
	July 1, 1941	776	613	1,389	
	July 1, 1942	1,042	999	2,011	
	Jan. 1, 1943	1,113	1,002	2,115	
	Apr. 1, 1943	1,046	1,265	2,311	1,695
Federal Deposit Insurance Corporation	July 1, 1939	457	939	1,396	
	July 1, 1941	514	1,843	2,357	
	July 1, 1942	570	2,074	2,644	
	Jan. 1, 1943	291	2,136	2,427	
	Apr. 1, 1943	283	2,111	2,394	993
Federal Power Commission	July 1, 1939	530	191	721	
	July 1, 1941	561	253	814	
	July 1, 1942	574	296	870	
	Jan. 1, 1943	542	275	817	
	Apr. 1, 1943	568	275	843	122
Federal Trade Commission	July 1, 1939	601	86	687	
	July 1, 1941	594	91	685	
	July 1, 1942	558	81	639	
	Jan. 1, 1943	510	75	585	
	Apr. 1, 1943	479	69	548	
General Accounting Office	July 1, 1939	4,915	----------	4,915	
	July 1, 1941	5,461	----------	5,461	
	July 1, 1942	7,401	----------	7,401	
	Jan. 1, 1943	7,924	----------	7,924	
	Apr. 1, 1943	7,254	877	8,131	3,216
Interstate Commerce Commission	July 1, 1939	1,811	810	2,621	
	July 1, 1941	1,982	817	2,799	
	July 1, 1942	1,812	832	2,644	
	Jan. 1, 1943	1,689	785	2,474	
	Apr. 1, 1943	1,625	789	2,414	
Maritime Commission	July 1, 1939	845	626	1,471	
	July 1, 1941	1,286	899	2,185	
	July 1, 1942	2,304	3,010	5,314	
	Jan. 1, 1943	2,623	4,235	6,858	
	Apr. 1, 1943	2,765	4,960	7,726	6,255
National Advisory Committee for Aeronautics	July 1, 1939	52	492	544	
	July 1, 1941	90	1,155	1,245	
	July 1, 1942	132	2,471	2,603	
	Jan. 1, 1943	129	3,125	3,254	
	Apr. 1, 1943	129	3,451	3,580	3,036

See footnotes at end of table.

APPENDIX I.—*Increase in Federal employment by department and agency*—Con.

Agency or department	Date	Inside D. C.	Outside D. C.	Total	Total increase
National Archives	July 1, 1939	351	----------	351	
	July 1, 1941	410	12	422	
	July 1, 1942	511	14	525	
	Jan. 1, 1943	433	13	446	
	Apr. 1, 1943	391	11	402	51
National Capital Park and Planning Commission	July 1, 1939	25	----------	25	
	July 1, 1941	30	----------	30	
	July 1, 1942	24	----------	24	
	Jan. 1, 1943	21	----------	21	
	Apr. 1, 1943	19	----------	19	
National Gallery of Art	July 1, 1939	----------	----------	----------	
	July 1, 1941	----------	----------	----------	
	July 1, 1942	----------	----------	----------	
	Jan. 1, 1943	246	8	254	
	Apr. 1, 1943	246	7	253	253
National Housing Agency [7]	July 1, 1939	----------	----------	----------	
	July 1, 1941	----------	----------	----------	
	July 1, 1942	4, 061	9, 909	13, 970	
	Jan. 1, 1943	3, 950	12, 547	16, 497	
	Apr. 1, 1943	3, 911	14, 171	18, 082	18, 082
Federal Home Loan Bank Administration. [11]	July 1, 1939	164	190	354	
	July 1, 1941	158	286	344	
	July 1, 1942	128	271	399	
	Jan. 1, 1943	397	4, 266	4, 663	
	Apr. 1, 1943	383	4, 242	4, 625	4, 271
Federal Housing Administration	July 1, 1939	1, 513	3, 194	4, 707	
	July 1, 1941	1, 685	3, 634	5, 319	
	July 1, 1942	1, 528	3, 248	4, 776	
	Jan. 1, 1943	1, 376	2, 603	3, 979	
	Apr. 1, 1943	1, 344	2, 408	3, 752	
Federal Public Housing Authority	July 1, 1939	----------	----------	----------	
	July 1, 1941	----------	----------	----------	
	July 1, 1942	----------	----------	----------	
	Jan. 1, 1943	1, 854	5, 812	7, 666	
	Apr. 1, 1943	1, 864	7, 041	8, 905	8, 905
National Labor Relations Board	July 1, 1939	442	399	841	
	July 1, 1941	420	462	882	
	July 1, 1942	432	565	997	
	Jan. 1, 1943	410	480	890	
	Apr. 1, 1943	390	470	860	19
National Mediation Board	July 1, 1939	24	48	72	
	July 1, 1941	25	48	73	
	July 1, 1942	28	49	77	
	Jan. 1, 1943	27	51	78	
	Apr. 1, 1943	28	50	78	6
Panama Canal	July 1, 1939	76	11, 528	11, 604	
	July 1, 1941	184	36, 241	36, 425	
	July 1, 1942	249	32, 737	32, 986	
	Jan. 1, 1943	215	31, 458	31, 673	
	Apr. 1, 1943	205	29, 982	30, 187	18, 583
Railroad Retirement Board	July 1, 1939	1, 429	1, 169	2, 598	
	July 1, 1941	1, 594	619	2, 213	
	July 1, 1942	18	1, 788	1, 806	
	Jan. 1, 1943	22	1, 869	1, 891	
	Apr. 1, 1943	19	1, 640	1, 659	
Reconstruction Finance Corporation [7]	July 1, 1939	1, 597	2, 476	4, 073	
	July 1, 1941	2, 072	2, 938	5, 010	
	July 1, 1942	3, 033	2, 631	5, 664	
	Jan. 1, 1943	3, 905	3, 629	7, 534	
	Apr. 1, 1943	3, 686	4, 329	8, 015	3, 942
Securities and Exchange Commission	July 1, 1939	1, 249	327	1, 576	
	July 1, 1941	1, 304	374	1, 678	
	July 1, 1942	19	1, 420	1, 439	
	Jan. 1, 1943	12	1, 353	1, 365	
	Apr. 1, 1943	11	1, 336	1, 347	

See footnote at end of table.

APPENDIX I.—*Increase in Federal employment by department and agency*—Con.

Agency or department	Date	Inside D. C.	Outside D. C.	Total	Total increase
Smithsonian Institution	July 1, 1939	489	0	489	
	July 1, 1941	869	0	869	
	July 1, 1942	845	0	845	
	Jan. 1, 1943	809	0	809	
	Apr. 1, 1943	545	0	545	56
Tariff Commission	July 1, 1939	297	8	305	
	July 1, 1941	284	8	292	
	July 1, 1942	311	9	320	
	Jan. 1, 1943	344	11	356	
	Apr. 1, 1943	337	12	349	44
Tax Court of United States	July 1, 1939	127	0	127	
	July 1, 1941	135	0	135	
	July 1, 1942	131	0	131	
	Jan. 1, 1943	131	0	131	
	Apr. 1, 1943	128	0	128	1
Tennessee Valley Authority	July 1, 1939	9	12, 140	12, 149	
	July 1, 1941	10	22, 996	23, 006	
	July 1, 1942	10	40, 857	40, 867	
	Jan. 1, 1943	9	34, 869	34, 878	
	Apr. 1, 1943	11	31, 104	31, 115	18, 966
Veterans' Administration	July 1, 1939	5, 257	31, 530	36. 787	
	July 1, 1941	6, 417	36, 531	42, 948	
	July 1, 1942	6, 664	37, 320	43, 984	
	Jan. 1, 1943	6, 114	38, 435	44, 549	
	Apr. 1, 1943	6, 251	39, 127	45, 378	8, 591

[1] Office of the President includes the following: White House office and Maintenance Forces, Budget Bureau, Liaison Office for Personnel Management, and National Resources Planning Board.

[2] July 1, 1939, employment figures for former independent and quasi-independent agencies now under Treasury Department, since July 1, 1939, are as follows: U. S. Railroad Administration, 1 in District of Columbia; none outside of District of Columbia; total, 1. The committee's observation is that this agency has been in the process of liquidation since Nov. 11, 1918.

[3] Included in this figure are employees, respectively, of the Civilian Conservation Corps as follows: War, 15,799; Interior, 5,883; Agriculture, 12,279; Federal Security Agency, 1,420; it excludes 199,646 enrolled personnel.

[4] Included in this figure are employees, respectively, of the Civilian Conservation Corps as follows: War 4,532; Interior, 2,159; Agriculture, 4,870; Federal Security Agency, 84; it excludes 56,521 enrolled personnel.

[5] Employment figures for former independent and quasi-independent agencies now under National Park Service of the Department of the Interior, since July 1, 1939, are, respectively, as follows: Mount Rushmore National Memorial Commission, July 1, 1939, 2 in District of Columbia; 79 outside of District of Columbia; total 81. Same agency, July 1, 1941, 2 in District of Columbia; 31 outside of District of Columbia; total 33.

[6] July 1, 1939, employment figures for former independent and quasi-independent agencies now under the Department of Agriculture but excluded here are as follows: Commodity Credit Corporation, 131 in District of Columbia; 22 outside of District of Columbia; total 153. Farm Credit Administration, 1,281 in District of Columbia; 1,895 outside District of Columbia; total, 3,176. Rural Electrification Administration, 660 in District of Columbia; 118 outside District of Columbia; total, 778. In addition, Department of Agriculture figures here do not include 100,000 or more county and community committeemen.

[7] On Feb. 24, 1942, the following Bureaus were transferred from the Federal Loan Agency to the National Housing Agency: Federal Home Loan Bank Board; Federal Savings and Loan Insurance Corporation, Home' Owners Loan Corporation, Federal Housing Administration, and Defense Homes Corporation. All other units of the Federal Loan Agency were transferred to the Department of Commerce, namely, the Reconstruction Finance Corporation and its constituents (except Defense Homes Corporation), the Electric Home and Farm Authority and the Export-Import Bank of Washington.

[8] July 1, 1939, employment figures for a quasi-independent agency now under Office of War Information since June 13, 1942, are as follows: National Emergency Council (subsequently Office of Government Reports), 220 in District of Columbia; 142 outside of District of Columbia; total 362.

[9] Employment figures for former quasi-independent agencies now under War Manpower Commission Selective Service System, July 1, 1942, 699 in District of Columbia; 25,415 outside of District of Columbia; total, 26,114. Same agency, Jan. 1, 1943, 751 in District of Columbia; 26,635 outside District of Columbia; total, 27,386. Same agency, Apr. 1, 1943, 753 in District of Columbia; 25,364 outside District of Columbia; total 26,117. Selective Service System became a part of War Manpower Commission on Dec. 5, 1942. National Youth Administration, Jan. 1, 1943, 291 in District of Columbia; 12,229 outside District of Columbia; total, 12,520; Apr. 1, 1943, 283 in District of Columbia; 11,858 outside District of Columbia; total, 12,141. National Youth Administration became a part of War Manpower Commission on Sept. 17, 1942.

[10] U. S. Employment Service employees are included in this total figure only: January 1, 1943, total 20,485 employees; February 1, 1943, total 21,541 employees. The U. S. Employment Service became a part of War Manpower Commission on Sept. 17, 1942.

[11] July 1, 1939, employment figures for former quasi-independent establishments now under Federal Home Loan Bank Administration of the National Housing Agency are as follows: Federal Savings and Loan Insurance Corporation, 36 in District of Columbia; 3 outside District of Columbia; total, 39. Home Owners' Loan Corporation, 1,070 in District of Columbia, 9,880 outside District of Columbia; total, 10,950. The committee has recommended complete liquidation of the Home Owners' Loan Corporation by June 30, 1945.

APPENDIX II.— *Total employment of the Federal Government in grades established by legislation and Executive or other order, by agency and bureau, October 1942*

Line No.	Agency and bureau	Type of grade						Personnel receiving $1 per annum	Clerical, mechanical, industrial, and skilled employees [1]	Employees in ungraded positions [2]	Employees not reported by type or grade	Total
		Clerical, administrative, and fiscal [1]	Craft, protective and custodial [2]	Subprofessional [3]	Professional [4]	Established specifically for given agencies [5]	Established by Executive order [6]					
1	Executive Office of the President, total	69,516	3,087	193	4,991		17,421	958	127	23,405	33,401	153,099
2	The White House Office										49	49
3	Bureau of the Budget	457	21	1	32							511
4	National Resources Planning Board	117	7	8	163					2		297
5	Board of Economic Warfare	2,124	84	7	502							2,717
6	Office for Emergency Management, total	38,502	2,187	102	2,220			958	127	23,403	33,352	100,851
7	Liaison Office	1	1		5							7
8	Division of Central Administrative Services	4,607	738	24	6							5,375
9	National War Labor Board	236	16		30							282
10	Office of Alien Property Custodian	715	66		190							971
11	Office of Civilian Defense	1,195	110	8	39							1,352
12	Office of Coordinator of Inter-American Affairs	885	22	10	129							1,046
13	Office of Defense Transportation	2,763	30		38							2,831
14	Office of Economic Stabilization	5	1									6
15	Office of Lend-Lease Administration	416	13		40							469
16	Office of Scientific Research and Development	313	11	2	94							420
17	Office of War Information	2,852	166	12	134					60		3,224
18	War Manpower Commission,[3] total	4,700	160	4	89					23,135	33,352	61,440
19	War Manpower Commission, n. e. c	833	25		58							916
20	Selective Service System	3,749	135	4	31					23,135		27,054
21	Training Within Industry	118										118
22	United States Employment Service										20,832	20,832
23	National Youth Administration										12,520	12,520
24	War Production Board	18,141	658	24	1,258			958	127			21,166
25	War Relocation Authority	638	52	16	73							779
26	War Shipping Administration	1,035	143	2	95					208		1,483
27	Office of Censorship	11,423	455	20	12							11,910
28	Office of Price Administration	16,112	274	9	1,904		17,421					35,720
29	Office of Strategic Services [4]	781	59	46	158							1,044
30	Alley Dwelling Authority	113	89	5	35							242
31	American Battle Monuments Commission	4	2									6
32	Bituminous Coal Consumers' Counsel	30	1		25					3		59
33	Board of Governors, Federal Reserve System										448	448
34	Board of Investigation and Research—Transportation	99	3	2	51					5		160
35	Civil Service Commission	7,135	193	21	268							7,617

See footnotes at end of table.

APPENDIX II.—*Total employment of the Federal Government in grades established by legislation and Executive or other order, by agency and bureau, October 1942*—Continued

Line No.	Agency and bureau	Type of grade						Personnel receiving $1 per annum	Clerical, mechanical, industrial, and skilled employees	Employees in ungraded positions	Employees not reported by type or grade	Total
		Clerical, administrative, and fiscal	Craft, protective and custodial	Subprofessional	Professional	Established specifically for given agencies	Established by Executive order					
36	Employees' Compensation Commission	509	11		10							530
37	Federal Communications Commission	1,431	86	5	652							2,174
38	Federal Deposit Insurance Corporation	778	80	2	445					14	[5] 1,408	2,727
39	Federal Power Commission	387	15	27	246							675
40	Federal Security Agency, total	15,581	8,306	4,038	3,161			5,100		2,412		38,598
41	St. Elizabeths Hospital	79	531	1,225	87					123		2,045
42	Food and Drug Administration	215	33	71	521							840
43	U. S. Office of Education	389	18	10	248							665
44	Public Health Service	1,824	7,311	2,701	1,389			[6] 5,100		2,236		20,561
45	Office of Defense Health and Welfare Services	393	6		104							503
46	Social Security Board	12,277	371	30	665					51		13,394
47	Office of the Administrator	360	33	1	145					2		541
48	Civilian Conservation Corps	44	3		2							49
49	Federal Trade Commission	335	25	3	230							593
50	Federal Works Agency, total	3,694	11,358	766	2,090		162			3,442	5,612	27,124
51	Office of the Administrator	822	47	15	389		43			2		1,318
52	Public Buildings Administration	1,398	11,162	21	639		66			2,587		15,873
53	Public Roads Administration	864	87	727	943					853		3,474
54	Public Works Administration	80	4	1	40		44					169
55	Work Projects Administration	530	58	2	79		9				[7] 5,612	6,290
56	General Accounting Office	7,711	239	11	61							8,022
57	Government Printing Office	261	8	41	2				7,023		687	8,022
58	Interstate Commerce Commission	2,152	88	11	499							2,750
59	National Advisory Committee for Aeronautics	518	377	1,171	778							2,844
60	National Archives	162	71	44	168							445
61	National Capital Park and Planning Commission	6	2	3	7							18
62	National Housing Agency, total	10,391	1,278	171	2,150					2,224		16,214
63	Office of the Administrator	381	13		73					2		469
64	Federal Housing Administration	3,333	87	16	566					82		4,084
65	Federal Public Housing Authority	3,186	1,108	7	1,483					1,047		6,831
66	Federal Home Loan Bank Administration	3,491	70	148	28					1,093		4,830
67	National Labor Relations Board	603	25	1	259							888
68	National Mediation Board	27	1									28

69	Panama Canal	201	17	34	27						[7] 38,155	38,434
70	Railroad Retirement Board	1,769	39	5	57							1,870
71	Securities and Exchange Commission	732	42		279	336						1,389
72	Smithsonian Institution, total	126	552	71	81					7		837
73	Smithsonian Institution, n. e. c	81	364	53	73					7		578
74	National Gallery of Art	45	188	18	8							259
75	Tariff Commission	212	15	3	121							351
76	Tennessee Valley Authority	4,902	2,429	1,828	2,600	3,582			25,125	630		41,096
77	The Tax Court of the United States	77	7		46							130
78	U. S. Maritime Commission	5,547	252	44	758							6,601
79	Veterans' Administration [8]	12,420	7,766	20,112	3,280	[9] 1,657				483		45,718
80	Department of State, total	1,931	247	67	504	2,452			83	2,381		7,665
81	Department of State, n. e. c	1,873	167	22	464					75		2,601
82	International Joint Commission, United States and Canada	3			1							4
83	Foreign Service	10				2,452				[10] 2,131		4,593
84	International Boundary Commission, United States and Mexico	43	80	45	34				83	175		460
85	International Boundary Commission, United States, Alaska, and Canada	2			5							7
86	Department of the Treasury, total	52,101	5,939	104	1,195				8,358	1,525		69,222
87	Office of the Secretary	123	26		1							150
88	Bureau of Accounts [11]	1,997	119							657		2,773
89	Office of Chief Clerk	157	47									204
90	Office of Comptroller of the Currency [12]	96	14									110
91	Bureau of Customs	6,070	2,827	28	122					772		9,819
92	Bureau of Engraving and Printing [13]	370	487	8	10				6,966			7,841
93	Foreign Funds Control	987	66	3								1,056
94	Office of the General Counsel	91	13	4	66							174
95	Bureau of Internal Revenue	29,788	219	4	779							30,790
96	Bureau of the Mint	183	243	50	29				1,392			1,897
97	Division of Monetary Research	36	4		34							74
98	Bureau of Narcotics	325	3		6							334
99	Division of Personnel	87	3									90
100	Processing Tax Board of Review	12	2									14
101	Procurement Division	2,563	264	3	54							2,884
102	Bureau of the Public Debt	5,761	607	4	16							6,388
103	Division of Research and Statistics	76	6		49							131
104	Secret Service Division	443	437							89		969
105	Office of the Superintendent of Treasury Buildings	13	349									362
106	Division of Tax Research	21	1		29					7		58
107	Office of the Treasurer of the United States	1,990	170									2,160
108	War Savings Staff	908	32									940
109	Committee on Practice	4										4
110	Department of War	406,037	68,103	73,654	31,652				579,471		[14]	(1)
111	Department of Justice	21,916	4,092	90	1,992	1,474				10		29,574

See footnotes at end of table.

APPENDIX II.—*Total employment of the Federal Government in grades established by legislation and Executive or other order, by agency and bureau, October 1942*—Continued

Line No.	Agency and bureau	Type of grade						Personnel receiving $1 per annum	Clerical, mechanical, industrial, and skilled employees	Employees in ungraded positions	Employees not reported by type or grade	Total
		Clerical, administrative, and fiscal	Craft, protective and custodial	Subprofessional	Professional	Established specifically for given agencies	Established by Executive order					
112	Post Office Department total: [15]	2,017	15,716	15	35							
113	Field service in Washington, D. C.											
114	Air Mail Service	43										43
115	Cost ascertainment	12										12
116	Mail equipment shops	10	130	2								142
117	Operating force for public buildings	616	15,517		2							16,135
118	Bureau of the Chief Inspector											
119	Railway Mail Service											
120	Shipment of supplies					248,499			[16] 45,378	4,642		
121	Vehicle service											
122	Washington City Post Office											298,519
123	Bureau of First Assistant Postmaster General											
124	Bureau of Second Assistant Postmaster General											
125	Bureau of Third Assistant Postmaster General											
126	Bureau of Fourth Assistant Postmaster General											
127	Departmental service	1,336	69	13	33							1,451
128	Department of the Navy	85,587	14,597	10,871	13,110				[17] 402,982	2,688		529,835
129	Department of the Interior, total:	9,463	5,460	5,700	5,874	909	182		2,965	12,245		42,798
130	Office of the Secretary	411	52	4	13							480
131	Division of Territories and Island Possessions [18]	488	513	132	20	909	182		59	2,063		4,366
132	Office of Land Utilization	10	1		6							17
133	Grazing Service	268	98	18	63					146		593
134	Office of the Solicitor	33	5	1	57							96
135	Office of Solid Fuels Coordinator for War	12	2							9		23
136	Office of Petroleum Coordinator for War	366	16		100					[19] 341		823
137	Bureau of Reclamation	948	905	927	1,181				1,862	1,648		7,471
138	Bureau of Mines	846	276	293	1,026					954		3,395
139	General Land Office	419	14	47	204					59		743
140	Office of Indian Affairs	1,876	1,888	2,821	781					2,514		9,880
141	Geological Survey	434	30	767	1,388					[20] 2,337		4,956
142	National Park Service	710	946	81	238					534		2,509
143	National Capital Parks	45	212	52	29					377		715
144	Fish and Wildlife Service	618	212	369	394					533		2,126
145	Petroleum Conservation Division	64	4									68
146	Departmental representative of C. C. C. Advisory Counsel	5										

147	Bonneville Power Administration	738	251	184	320				1,044	536		3,073
148	Consolidated Purchasing and Shipping Unit, Seattle, Wash	36								4		40
149	Bituminous Coal Division	1,134	34	4	54					190		1,416
150	Commission of Fine Arts	2	1									3
151	Department of Agriculture [11]	26,499	3,119	9,616	14,837					22,553		76,624
152	Department of Commerce total:	10,291	1,372	4,130	3,489		7,396			6,670		33,348
153	Department of Commerce, n. e. c	10,040	1,355	4,130	3,411					6,654		25,590
154	Export-Import Bank of Washington	36	11		2					16		65
155	Civil Aeronautics Board	215	6		76							297
156	Reconstruction Finance Corporation [21]						7,396					7,396
157	Department of Labor total:	4,219	75	14	1,511							5,819
158	Office of the Solicitor	114	6		165							285
159	Office of the Secretary	140	13	6	10							169
160	Women's Bureau	30	1	1	28							60
161	U. S. Conciliation Service	343	4		2							349
162	Children's Bureau	180	4	4	132							320
163	Bureau of Labor Statistics [22]	1,151	18		1,109							2,278
164	Division of Labor Standards	73	4	2	18							97
165	Wage and Hour and Public Contracts Division	2,188	25	1	47							2,261
166	Library of Congress	421	323	361	282							1,387
167	Administrative Office of U. S. Courts	84	6		8							98
	Total	767,995	155,513	133,234	97,866	258,909	25,161	6,058	1,071,512	85,339	110,627	2,712,214

[1] Includes some employees in ungraded positions.
[2] Includes employees in ungraded positions not shown in preceding column.
[3] Because employees of the Selective Service System, the United States Employment Service, the National Youth Administration, and Training Within Industry were transferred (the last 3 from the Federal Security Agency) to the War Manpower Commission in December 1942, these data were shown under War Manpower Commission. Data by classification and grade unavailable for U. S. Employment Service and National Youth Administration.
[4] Data unavailable for confidential employees.
[5] Data represent field employees of the Loan Liquidation Division.
[6] Data represent epidemiologists.
[7] Data represent field employees for whom classification and grade information was unavailable. Data for the Panama Canal are as of Dec. 31, 1942, and include 6,749 employees of the Panama Railroad Company of the 38,155 employees shown, 38,106 were in ungraded positions.
[8] Data are as of Sept. 30, 1942.
[9] Data represent veteran members.
[10] Includes ambassadors, ministers, translators, couriers, supervisors, auxiliaries, and custodial employees.
[11] Data are as of June 30, 1942.
[12] Data are not included for field employees whose salaries are reimbursed to the Government by the respective banks served.
[13] Data are as of Nov. 24, 1942.
[14] Data include a partial estimate of employment outside continental United States.
[15] Data represent positions and include 11,045 vacancies.
[16] Data represent substitutes and others paid on an hourly basis.
[17] Data include the following: Supervisory mechanics, mechanics, helpers, and laborers.
[18] Data for Hawaii show employees in CR (craft) grades under craft, protective, and custodial.
[19] Of these employees, 210 are classified according to the field classification schedule of the Department of the Interior.
[20] Data represent temporary field assistants.
[21] Data represent estimate for fiscal year ending June 1943 from the Budget of the United States, 1944.
[22] Data are as of Oct. 1, 1942.

APPENDIX III.—*Total employment of the Federal Government by salary class, agency, and bureau, October 1942*

Line No.	Agency and bureau	Salary class [1]										Personnel receiving $1 per annum	Clerical, mechanical, industrial, and skilled employees [2]	Employees in ungraded positions [3]	Employees not reported by grade or salary class	Total
		$1,199 and under	$1,200 to $1,439	$1,440 to $1,619	$1,620 to $1,799	$1,800 to $1,999	$2,000 to $2,499	$2,500 to $2,999	$3,000 to $3,799	$3,800 to $4,499	$4,500 and over	Total					
1	Executive Office of the President	1,042	17,922	21,662	13,801	9,831	6,365	6,046	5,456	4,799	8,284	95,208	958	127	23,405	33,401	153,099
2	The White House Office															49	49
3	Bureau of the Budget		20	22	83	49	54	30	38	37	178	511					511
4	National Resources Planning Board		14	28	38	28	29	35	21	17	85	295			2		297
5	Board of Economic Warfare		89	681	547	268	184	145	163	160	480	2,717					2,717
6	Office for Emergency Management	5	3,875	10,701	7,833	3,661	2,624	3,159	2,858	2,913	5,382	43,011	958	127	23,403	33,352	100,851
7	Liaison Office		1	1							5	7					7
8	Division of Central Administrative Services	2	1,304	1,736	934	393	388	282	144	107	85	5,375					5,375
9	National War Labor Board		24	58	62	24	22	26	17	12	37	282					282
10	Office of Alien Property Custodian		66	272	151	54	52	55	43	65	213	971					971
11	Office of Civilian Defense		105	427	251	128	64	58	57	84	178	1,352					1,352
12	Office of Coordinator of Inter-American Affairs		26	110	148	148	103	93	74	68	276	1,046					1,046
13	Office of Defense Transportation		44	561	507	111	44	965	251	95	253	2,831					2,831
14	Office of Economic Stabilization		1			1					4	6					6
15	Office of Lend-Lease Administration		16	88	85	62	53	22	23	23	97	469					469
16	Office of Scientific Research and Development		16	116	101	56	12	23	17	13	66	420					420
17	Office of War Information	1	268	470	416	362	286	304	307	362	388	3,164			60		3,224
18	War Manpower Commission [4]	2	840	1,966	886	533	323	89	63	80	171	4,953			23,135	33,352	61,440
19	War Manpower Commission, n. e. c.		90	298	180	76	62	20	24	49	117	916					916
20	Selective Service System	2	750	1,648	684	447	253	68	36	12	19	3,919			23,135		27,054
21	Training Within Industry			20	22	10	8	1	3	19	35	118					118
22	United States Employment Service															20,832	20,832
23	National Youth Administration															12,520	12,520
24	War Production Board		1,096	4,476	3,909	1,582	959	1,110	1,648	1,895	3,406	20,081	958	127			21,166
25	War Relocation Authority		23	52	155	61	192	74	83	39	100	779					779
26	War Shipping Administration		45	368	228	146	126	58	131	70	103	1,275			208		1,483
27	Office of Censorship		1,272	2,657	2,331	4,179	1,143	163	72	32	61	11,910					11,910
28	Office of Price Administration	1,037	12,574	7,364	2,778	1,505	2,207	2,419	2,235	1,582	2,019	35,720					35,720
29	Office of Strategic Services [5]		78	209	191	141	124	95	69	58	79	1,044					1,044
30	Alley Dwelling Authority		49	41	51	28	20	15	26	4	8	242					242
31	American Battle Monuments Commission			2	3			1				6					6
32	Bituminous Coal Consumers' Counsel		1	7	11	6	6	4	6	3	12	56			3		59
33	Board of Governors, Federal Reserve System															448	448

34	Board of Investigation and Research—Transportation	------	4	13	12	17	30	17	12	18	32	155	------	------	5	------	160
35	Civil Service Commission	------	905	2,277	1,029	791	797	1,082	388	116	232	7,617	------	------	------	------	7,617
36	Employees' Compensation Commission	------	51	201	88	39	38	55	21	12	25	530	------	------	------	------	530
37	Federal Communications Commission	------	85	223	321	422	326	298	278	106	115	2,174	------	------	------	------	2,174
38	Federal Deposit Insurance Corporation	------	73	268	194	64	271	129	152	92	76	1,319	------	------	------	[6] 1,408	2,727
39	Federal Power Commission	------	21	94	96	70	74	56	84	64	116	675	------	------	------	------	675
40	Federal Security Agency	145	11,099	6,226	3,826	2,850	2,456	1,419	1,394	737	934	31,086	5,100	------	2,412	------	38,598
41	St. Elizabeths Hospital	------	1,209	171	250	128	97	19	6	7	35	1,922	------	------	123	------	2,045
42	Food and Drug Administration	------	69	81	84	26	134	208	94	66	78	840	------	------	------	------	840
43	U. S. Office of Education	------	36	71	184	56	41	29	30	47	171	665	------	------	------	------	665
44	Public Health Service	145	6,346	1,485	1,462	1,336	1,063	448	650	158	132	13,225	[7] 5,100	------	2,236	------	20,561
45	Office of Defense Health and Welfare Services	------	32	157	41	30	21	19	61	61	81	503	------	------	------	------	503
46	Social Security Board	------	3,340	4,147	1,680	1,241	1,054	665	512	365	339	13,343	------	------	51	------	13,394
47	Office of the Administrator	------	64	109	117	28	39	30	30	33	89	539	------	------	2	------	541
48	Civilian Conservation Corps	------	3	5	8	5	7	1	11	------	9	49	------	------	------	------	49
49	Federal Trade Commission	------	24	40	115	54	44	39	68	66	143	593	------	------	------	------	593
50	Federal Works Agency	1	6,669	4,138	1,362	1,784	1,346	569	870	652	679	18,070	------	------	3,442	5,612	27,124
51	Office of the Administrator	------	57	206	235	146	89	69	109	221	184	1,316	------	------	2	------	1,318
52	Public Buildings Administration	------	6,309	3,463	484	1,278	783	218	344	209	201	13,286	------	------	2,587	------	15,873
53	Public Roads Administration	------	207	339	457	236	381	247	383	161	210	2,621	------	------	853	------	3,474
54	Public Works Administration	1	33	16	27	22	9	4	12	19	26	169	------	------	------	------	169
55	Work Projects Administration	------	63	114	159	102	84	31	25	42	58	678	------	------	------	[8] 5,612	6,290
56	General Accounting Office	------	664	1,784	1,330	692	1,636	1,116	487	173	140	8,022	------	------	------	------	8,022
57	Government Printing Office	------	55	135	65	31	16	7	2	------	1	312	------	7,023	687	------	8,022
58	Interstate Commerce Commission	------	112	399	454	162	284	325	239	442	333	2,750	------	------	------	------	2,750
59	National Advisory Committee for Aeronautics	2	491	400	333	199	688	465	144	51	71	2,844	------	------	------	------	2,844
60	National Archives	------	70	61	54	52	76	45	43	11	33	445	------	------	------	------	445
61	National Capital Park and Planning Commission	------	2	------	2	2	4	2	1	3	2	18	------	------	------	------	18
62	National Housing Agency	0	1,552	3,115	2,407	924	1,181	1,695	1,162	896	1,058	13,990	------	------	2,224	------	16,214
63	Office of the Administrator	------	21	74	134	39	27	16	13	42	101	467	------	------	2	------	469
64	Federal Housing Administration	------	410	900	530	224	214	949	396	182	197	4,002	------	------	82	------	4,084
65	Federal Public Housing Authority	------	694	1,018	1,011	446	478	291	538	599	709	5,784	------	------	1,047	------	6,831
66	Federal Home Loan Bank Administration	------	427	1,123	732	215	462	439	215	73	51	3,737	------	------	1,093	------	4,830
67	National Labor Relations Board	------	39	185	138	56	39	51	133	128	119	888	------	------	------	------	888
68	National Mediation Board	------	1	1	------	1	3	3	------	6	13	28	------	------	------	------	28
69	Panama Canal	------	34	50	69	25	51	27	15	------	8	279	------	[8] 38,155	------	------	38,434
70	Railroad Retirement Board	------	296	550	293	200	272	128	48	22	61	1,870	------	------	------	------	1,870
71	Securities and Exchange Commission	------	68	222	272	99	85	77	143	162	261	1,389	------	------	------	------	1,389
72	Smithsonian Institution	------	206	229	90	107	107	21	25	6	39	830	------	------	7	------	837
73	Smithsonian Institution, n. e. c	------	146	125	67	79	76	16	22	5	35	571	------	------	7	------	578
74	National Gallery of Art	------	60	104	23	28	31	5	3	1	4	259	------	------	------	------	259
75	Tariff Commission	------	16	21	49	41	53	29	42	33	67	351	------	------	------	------	351
76	Tennessee Valley Authority	1,262	2,026	3,055	2,252	1,032	2,909	1,292	725	364	424	15,341	------	25,125	630	------	41,096
77	The Tax Court of the United States	------	7	8	17	22	27	4	6	4	35	130	------	------	------	------	130
78	U. S. Maritime Commission	[10]	369	1,441	886	523	653	1,003	1,064	365	297	6,601	------	------	------	------	6,601
79	Veterans' Administration [9]	1,658	18,900	7,418	5,242	5,565	2,631	679	735	1,315	1,092	45,235	------	------	483	------	45,718

See footnotes at end of table.

APPENDIX III.—*Total employment of the Federal Government by salary class, agency, and bureau, October 1942*—Continued

Line No.	Agency and bureau	Salary class											Personnel receiving $1 per annum	Clerical, mechanical, industrial, and skilled employees	Employees in ungraded positions	Employees not reported by grade or salary class	Total
		$1,199 and under	$1,200 to $1,439	$1,440 to $1,619	$1,620 to $1,799	$1,800 to $1,999	$2,000 to $2,499	$2,500 to $2,999	$3,000 to $3,799	$3,800 to $4,499	$4,500 and over	Total					
80	Department of State	0	213	431	763	384	1,848	318	325	251	668	5,201		83	2,381		7,665
81	Department of State, n. e. c.		175	399	745	350	300	140	103	81	233	2,526			75		2,601
82	International Joint Commission—United States and Canada						1	1			2	4					4
83	Foreign Service			1	2	3	1,505	158	209	159	425	2,462			[11] 2,131		4,593
84	International Boundary Commission United States and Mexico		38	31	15	31	42	19	11	11	4	202		83	175		460
85	International Boundary Commission United States, Alaska, and Canada				1				2		4	7					7
86	Department of the Treasury	4	5,813	13,076	8,241	3,943	15,658	5,551	3,190	1,436	2,427	59,339		8.358	1,525		69,222
87	Office of the Secretary		21	21	20	21	19	6	10	4	28	150					150
88	Bureau of Accounts [12]	3	188	930	442	213	166	59	42	36	37	2,116			657		2,773
89	Office of Chief Clerk		53	39	50	31	24	5			2	204					204
90	Bureau of the Comptroller of the Currency [13]		15	8	36	22	16	7	2	2	2	110					110
91	Bureau of Customs		1,000	52	521	99	5,632	858	510	120	255	9,047			772		9,819
92	Bureau of Engraving and Printing [14]		467	139	144	52	28	13	14	8	10	875		6,966			7,841
93	Foreign Funds Control		65	331	185	76	91	97	102	50	59	1,056					1,056
94	Office of the General Counsel		11	9	39	28	25	10	12	9	31	174					174
95	Bureau of Internal Revenue		1,553	5,687	4,377	2,177	8,640	3,786	1,968	1,000	1,602	30,790					30,790
96	Bureau of the Mint		27	13	45	221	115	36	17	4	27	505		1,392			1,897
97	Division of Monetary Research		3	3	14	11	7	6	2	9	19	74					74
98	Division of Narcotics		2	32	28	26	36	168	22	3	17	334					334
99	Bureau of Personnel		2	34	19	7	14	4	4		6	90					90
100	Processing Tax Board of Review		2		2	1	6	1			2	14					14
101	Procurement Division	1	308	993	510	213	250	160	308	68	73	2,884					2,884
102	Bureau of the Public Debt		1,502	3,087	1,034	300	323	74	34	15	19	6,388					6,388
103	Division of Research and Statistics		8	5	23	19	34	10	11	5	16	131					131
104	Secret Service Division		1	395	83	77	40	188	64	15	17	880			89		969
105	Office of the Superintendent of Treasury Buildings		229	17	16	57	39	3		1		362					362
106	Division of Tax Research		1	1	7	8	10	3	7	3	11	51			7		58
107	Office of the Treasurer of the United States		255	1,034	472	218	112	32	18	9	10	2,160					2,160
108	War Savings Staff		100	246	173	65	30	25	43	75	183	940					940
109	Committee on Practice				1	1	1				1	4					4
110	Department of War	453	105,270	199,084	103,823	53,096	61,523	32,891	14,380	5,541	3,385	579,446		579,471		[15]	
111	Department of Justice	74	723	6,874	3,902	3,549	5,845	1,560	4,213	1,218	1,606	29,564			10		29,574

112	Post Office Department [16]	38,040	13,702	8,425	5,658	16,820	168,063	11,969	2,447	862	296	266,282		45,378	4,642		
113	Field Service in Washington, D. C.																
114	Air Mail Service																
115	Cost ascertainment																
116	Mail equipment shops																
117	Operating force for public buildings																
118	Bureau of the Chief Inspector																
119	Railway Mail Service																
120	Shipment of supplies																
121	Vehicle service																
122	Washington City Post Office	38,040	13,702	8,425	5,658	16,820	168,063	11,969	2,447	862	296	266,282		[17] 45,378	4,642		316,302
123	Bureau of First Assistant Postmaster General																
124	Bureau of Second Assistant Postmaster General																
125	Bureau of Third Assistant Postmaster General																
126	Bureau of Fourth Assistant Postmaster General																
127	Departmental Service																
128	Department of the Navy	1,484	19,880	31,112	23,589	10,476	18,099	10,696	5,644	2,329	856	124,165		[18] 402,982	2,688		529,835
129	Department of the Interior	749	2,253	3,941	4,618	3,589	5,311	2,907	2,005	1,112	1,103	27,588		2,965	12,245		42,798
130	Office of the Secretary		56	98	99	74	52	34	23	12	32	480					480
131	Division of Territories and Island Possessions	544	151	393	193	165	477	118	128	25	50	2,244		59	2,063		4,366
132	Office of Land Utilization		1		1	6	1			1	7	17					17
133	Grazing Service		3	48	71	58	130	79	27	14	17	447			146		593
134	Office of the Solicitor		5	3	11	13	10	12	9	11	22	96					96
135	Office of Solid Fuels Coordinator for War		2	2	2	5		1	2			14			9		23
136	Office of Petroleum Coordinator for War		17	109	131	51	34	20	25	24	71	482			[19] 341		823
137	Bureau of Reclamation	11	125	637	642	406	837	613	334	190	166	3,961		1,862	1,648		7,471
138	Bureau of Mines		186	384	360	231	363	232	246	266	173	2,441			954		3,395
139	General Land Office		13	73	97	77	133	146	89	28	28	684			59		743
140	Office of Indian Affairs	193	714	782	1,566	1,484	1,342	570	425	137	153	7,366			2,514		9,880
141	Geological Survey		91	210	392	191	718	497	233	131	156	2,619			[20] 2,337		4,956
142	National Park Service		261	231	224	260	559	150	143	90	57	1,975			534		2,509
143	National Capital Parks		105	55	39	55	61	13	10	5	5	338			377		715
144	Fish and Wildlife Service	1	307	220	229	102	255	192	135	85	67	1,593			533		2,126
145	Petroleum Conservation Division		4	8	11	10	5	10	15	2	3	68					68
146	Departmental Representative of C. C. C. Advisory Council			1		2			1		1	5					5
147	Bonneville Power Administration		77	277	268	276	224	135	120	62	54	1,493		1,044	536		3,073
148	Consolidated Purchasing and Shipping Unit, Seattle, Wash		8	4	8	4	6	3	2		1	36			4		40
149	Bituminous Coal Division		126	406	283	119	104	82	38	28	40	1,226			190		1,416
150	Commission of Fine Arts		1		1					1		3					3
151	Department of Agriculture [12]	1	3,321	9,485	8,237	6,927	8,496	8,423	4,421	2,125	2,635	54,071			22,553		76,624
152	Department of Commerce	17	984	4,171	4,011	4,253	4,874	2,447	2,238	1,351	2,332	26,678			6,670		33,348
153	Department of Commerce, not elsewhere classified	1	859	3,529	3,159	2,953	3,861	1,646	1,365	733	830	18,936			6,654		25,590
154	Export-Import Bank of Washington	10	1	4	2	12	12	1	2	1	4	49			16		65
155	Civil Aeronautics Board		5	37	56	36	37	21	21	34	50	297					297
156	Reconstruction Finance Corporation [21]	6	119	601	794	1,252	964	779	850	583	1,448	7,396					7,396

See footnotes at end of table.

APPENDIX III.—*Total employment of the Federal Government by salary class, agency, and bureau, October 1942*—Continued

Line No.	Agency and bureau	Salary class										Personnel receiving $1 per annum	Clerical, mechanical, industrial, and skilled employees	Employees in ungraded positions	Employees not reported by grade or salary class	Total
		$1,199 and under	$1,200 to $1,439	$1,440 to $1,619	$1,620 to $1,799	$1,800 to $1,999	$2,000 to $2,499	$2,500 to $2,999	$3,000 to $3,799	$3,800 to $4,499	$4,500 and over	Total					
157	Department of Labor	-------	273	1,108	908	290	1,537	773	366	260	304	5,819	-------	-------	-------	-------	5,819
158	Office of the Solicitor	-------	6	26	50	28	15	32	46	37	45	285	-------	-------	-------	-------	285
159	Office of the Secretary	-------	16	35	39	20	26	8	9	4	12	169	-------	-------	-------	-------	169
160	Women's Bureau	-------	1	3	10	8	10	12	5	9	2	60	-------	-------	-------	-------	60
161	U. S. Conciliation Service	-------	5	41	27	10	12	16	81	77	80	349	-------	-------	-------	-------	349
162	Children's Bureau	-------	6	46	75	26	25	21	27	33	61	320	-------	-------	-------	-------	320
163	Bureau of Labor Statistics [22]	-------	142	401	422	110	834	192	83	43	51	2,278	-------	-------	-------	-------	2,278
164	Division of Labor Standards	-------	1	15	21	3	11	6	17	17	6	97	-------	-------	-------	-------	97
165	Wage Hour and Public Contracts Division	-------	96	541	264	85	604	486	98	40	47	2,261	-------	-------	-------	-------	2,261
166	Library of Congress	8	336	342	202	147	158	103	49	15	27	1,387	-------	-------	-------	-------	1,387
167	Administrative Office of the United States Courts	-------	6	23	14	23	15	2	9	2	4	98	-------	-------	-------	-------	98

[1] Employees were distributed by salary class on the assumption that all those within a particular grade received the base pay for the grade.

[2] Includes some employees in ungraded positions.

[3] Includes employees in ungraded positions not shown in preceding column.

[4] Because employees of the Selective Service System, the U. S. Employment Service, the National Youth Administration, and Training Within Industry were transferred (the last 3 from the Federal Security Agency) to the War Manpower Commission in December 1942, those data were shown under War Manpower Commission. Data by classification and grade unavailable for U. S. Employment Service and National Youth Administration.

[5] Data unavailable for confidential employees.

[6] Data represent field employees of the Loan Liquidation Division.

[7] Data represent epidemiologists.

[8] Data represent field employees for whom classification and grade information was unavailable. Data for the Panama Canal are as of Dec. 31, 1942, and include 6,749 employees of the Panama Railroad Co.; of the 38,155 employees shown, 38,106 were in ungraded positions.

[9] Data are as of Sept. 30, 1942.

[10] Includes 1,657 veteran members who receive $600 or under, in addition to maintenance items.

[11] Includes ambassadors, ministers, translators, couriers, supervisors, auxiliaries, and custodial employees.

[12] Data are as of June 30, 1942.

[13] Data are not included for field employees whose salaries are reimbursed to Government by the respective banks served.

[14] Data are as of Nov. 30, 1942.

[15] Data include a partial estimate of employment outside continental United States.

[16] Data represent positions and include 11,015 vacancies.

[17] Data represent substitutes and others paid on hourly basis.

[18] Data include the following: Supervisory mechanics, mechanics, helpers, and laborers.

[19] Of these employees, 210 are classified according to the field classification schedule of the Department of the Interior.

[20] Data represent temporary field assistants.

[21] Data represent estimate for fiscal year ending June 1943 from the Budget of the United States, 1944.

[22] Data are as of Oct. 1, 1942.

APPENDIX IV.—*Federal employees classified according to salary grades by agencies, Oct. 31, 1942*

Agency	Under $1,200	$1,200 to $1,439	$1,440 to $1,619	$1,620 to $1,799	$1,800 to $1,999	$2,000 to $2,499	$2,500 to $2,999	$3,000 to $3,799	$3,800 to $4,499	$4,500 and over	Total
Bureau of the Budget		20	22	83	49	54	30	38	37	178	511
National Resources Planning Board		14	28	38	28	29	32	21	17	85	292
Office for Emergency Management:											
Liaison Office		1	1							5	7
Division of Central Administrative Services	2	1,304	1,736	934	393	388	282	144	107	85	5,375
National War Labor Board		24	58	62	24	22	26	17	12	37	282
Office of Alien Property Custodian		66	272	151	54	52	55	43	65	213	971
Office of Civilian Defense		87	427	251	128	64	58	57	84	178	1,334
Office of the Coordinator of Inter-American Affairs		26	110	148	148	101	93	74	68	276	1,044
Office of Defense Transportation		44	561	507	111	44	965	251	95	253	2,831
Office of Economic Stabilization		1			1					4	6
Office of Lend-Lease Administration		16	88	85	62	53	22	23	23	97	469
Office of Scientific Research and Development		16	116	101	56	12	23	17	13	66	420
Office of War Information	1	268	470	416	362	286	304	307	362	388	3,164
War Manpower Commission		90	298	180	76	62	20	24	49	117	916
Selective Service System	2	750	1,648	684	447	253	68	26	12	19	3,909
War Production Board		1,096	476	3,909	1,582	958	1,110	1,648	1,895	3,406	20,080
War Relocation Authority		23	52	155	61	189	74	83	39	100	776
War Shipping Administration		45	368	228	146	125	58	131	70	103	1,274
Board of Economic Warfare		89	681	547	268	183	145	163	160	480	2,716
Office of Censorship		1,272	2,657	2,331	4,179	1,143	163	72	32	61	11,910
Office of Price Administration	1,037	12,574	7,364	2,778	1,505	2,207	2,419	2,235	1,582	2,019	35,720
Office of Strategic Services		78	209	191	141	120	95	69	58	79	1,040
Alley Dwelling Authority		49	41	51	28	20	15	26	4	8	242
American Battle Monuments Commission			2	3			1				6
Bituminous Coal Consumers Counsel		1	7	11	6	6	4	6	3	12	56
Board of Investigation and Research Transportation		4	13	12	17	30	17	12	18	32	155
Civil Service Commission		905	2,277	1,029	791	797	1,082	388	116	232	7,617
Employees Compensation Commission		51	201	88	39	38	55	21	12	25	530
Federal Communications Commission		85	223	321	422	326	298	278	106	115	2,174
Federal Deposit Insurance Corporation		73	268	194	64	271	129	142	88	76	1,305
Federal Power Commission		21	94	96	55	69	56	84	64	116	655
Federal Security Agency	145	11,099	6,246	3,848	2,860	2,464	1,420	1,397	756	969	31,204
Federal Trade Commission		24	40	115	54	44	39	68	66	143	593
Federal Works Agency	1	6,669	4,138	1,362	1,784	1,346	569	870	652	679	18,070
General Accounting Office		664	1,784	1,330	692	1,636	1,116	487	173	140	8,022
Government Printing Office		55	135	65	31	16	7	2		1	312
Interstate Commerce Commission		112	399	454	162	284	325	239	442	333	2,750

APPENDIX IV.—*Federal employees classified according to grades by agencies, Oct. 31, 1943*—Continued

Agency	Under $1,200	$1,200 to $1,439	$1,440 to $1,619	$1,620 to $1,799	$1,800 to $1,999	$2,000 to $2,499	$2,500 to $2,999	$3,000 to $3,799	$3,800 to $4,499	$4,500 and over	Total
National Advisory Committee for Aeronautics	2	491	400	333	199	688	465	144	51	71	2,844
National Archives		70	61	54	52	76	45	43	11	33	445
National Capital Park and Planning Commission		2		2	2	4	2	1	3	2	18
National Housing Agency		1,552	3,115	2,407	924	1,181	1,695	1,162	1,506	1,058	13,990
National Labor Relations Board		39	185	137	56	39	51	133	128	119	887
National Mediation Board			1		1	3	3		6	13	27
Panama Canal		34	50	69	25	51	27	15		8	279
Railroad Retirement Board		296	550	293	201	272	128	48	22	61	1,871
Reconstruction Finance Corporation [1]	6	119	601	794	1,252	964	779	850	583	1,448	7,396
Securities and Exchange Commission		68	222	272	99	85	77	143	162	262	1,390
Smithsonian Institution		206	229	90	107	100	21	25	6	39	823
Tariff Commission		16	21	49	41	53	29	42	33	67	351
Tax Court of the United States		7	8	17	22	27	6	6	4	35	132
Tennessee Valley Authority	1,262	2,026	3,055	2,252	1,032	2,909	1,292	725	364	424	15,341
U. S. Maritime Commission		369	1,441	886	523	650	1,003	1,064	365	297	6,598
Veterans' Administration [2]	1	18,900	7,418	5,242	5,565	2,631	679	735	1,315	1,092	43,578
Department of Commerce	11	865	3,570	3,217	3,001	3,910	1,668	1,388	768	884	19,282
Department of the Interior [3]	749	2,252	3,942	4,617	3,589	5,311	2,907	2,005	1,112	1,098	27,582
Department of Justice	74	723	6,874	3,902	3,549	5,845	1,560	4,213	1,218	1,606	29,564
Department of Labor [4]		273	1,108	908	290	1,537	760	366	260	304	5,806
Department of State		213	431	763	384	1,847	318	325	251	668	5,200
Treasury Department [5]	4	5,813	13,076	8,245	3,943	15,658	5,551	3,190	1,436	2,428	59,344
Subtotal, executive branch	3,297	72,050	83,867	57,308	41,683	57,533	30,241	26,086	16,274	23,147	411,486
War Department	453	105,270	199,084	103,823	53,096	61,523	32,891	14,380	5,541	3,385	579,446
Navy Department	1,484	19,896	31,112	23,589	10,476	18,099	10,696	5,644	2,329	856	124,181
Post Office Department [6]	38,040	13,702	8,425	5,657	16,820	168,063	11,969	2,447	862	296	266,281
Total executive branch	43,274	210,918	322,488	190,377	122,075	305,218	85,797	48,557	25,006	27,684	1,381,394
Library of Congress	8	325	342	202	147	158	103	49	15	27	1,376
Administrative Office, United States Courts		6	23	14	23	15	2	9	2	4	98
Grand total	43,282	211,249	322,853	190,593	122,245	305,391	85,902	48,615	25,023	27,715	1,382,868

[1] Figures taken from 1944 Budget, estimate for fiscal year 1943.
[2] Data is for Sept. 30, 1942; "member" employees not included.
[3] Employees in Hawaii in "CR" grades considered as CPC; CR-11 and 12 put in $3,000 to $3,800 group; CR-14 in $3,800 to $4,500 group.
[4] Data for Bureau of Labor Statistics is for Oct. 1, 1942.
[5] Bureau of Accounts data are for June 30, 1942; Bureau of Printing and Engraving data dated Nov. 24, 1942.
[6] Includes 11,045 vacancies.

APPENDIX V.— *Table of classified employees in higher pay brackets, October 1942*

Agency	Total classified employees	Number employees $3,800–$4,499	Percent of employees $3,800–$4,499	Number employees over $4,500	Percent of employees over $4,500	Number employees over $3,800	Percent of employees over $3,800
Bureau of the Budget	511	37	7.2	178	34.6	215	42.1
National Resources Planning Board	292	17	5.8	85	29.1	102	34.6
Office for Emergency Management—							
Liaison Office	7	0	0.0	5	71.4	5	71.4
Division of Central Administrative Services	5,375	107	2.0	85	1.6	192	3.6
National War Labor Board	282	12	4.3	37	13.1	49	17.4
Office of Alien Property Custodian	971	65	6.7	213	21.9	278	28.6
Office of Civilian Defense	1,334	84	6.3	178	13.3	262	19.6
Office of the Coordinator of Inter-American Affairs	1,044	68	6.5	276	26.4	344	32.9
Office of Defense Transportation	2,831	95	3.4	253	8.9	348	12.2
Office of Economic Stabilization	6	0	0.0	4	66.7	4	66.7
Office of Lend-Lease Administration	469	23	4.9	97	20.7	120	25.6
Office of Scientific Research and Development	420	13	3.1	66	15.7	79	18.8
Office of War Information	3,164	362	11.4	388	12.3	750	25.7
War Manpower Commission	916	49	5.3	117	12.8	166	18.1
Selective Service System	3,909	12	0.3	19	0.5	31	0.7
War Production Board	20,080	1,895	9.4	3,406	17.0	5,301	26.9
War Relocation Authority	776	39	5.0	100	12.9	139	17.9
War Shipping Administration	1,274	70	5.5	103	8.2	173	13.5
Board of Economic Warfare	2,716	160	5.9	480	17.7	640	23.5
Office of Censorship	11,910	32	0.2	61	0.5	93	0.8
Office of Price Administration	35,720	1,582	4.4	2,019	5.7	3,601	10.0
Office of Strategic Services	1,040	58	5.6	79	7.6	137	13.1
Alley Dwelling Authority	242	4	1.6	8	3.3	12	5.0
American Battle Monuments Commission	6	0	0.0	0	0.0	0	0.0
Bituminous Coal Consumers Counsel	56	3	5.4	12	21.4	15	26.8
Board of Investigation and Research—Transportation	155	18	11.6	32	20.6	50	32.3
Civil Service Commission	7,617	116	1.5	232	3.0	348	4.4
Employees' Compensation Commission	530	12	2.3	25	4.7	37	7.0
Federal Communications Commission	2,174	106	4.9	115	5.3	221	10.1
Federal Deposit Insurance Corporation	1,305	88	6.7	76	5.9	164	12.6
Federal Power Commission	655	64	9.8	116	17.7	180	27.5
Federal Security Agency	31,204	756	2.4	969	3.1	1,725	5.5
Federal Trade Commission	593	66	11.2	143	24.1	209	35.2
Federal Works Agency	18,070	652	3.6	679	3.8	1,331	7.3
General Accounting Office	8,022	173	2.2	140	1.7	313	3.9
Government Printing Office [1]	312	0	0.0	1	0.3	1	0.3
Interstate Commerce Commission	2,750	442	16.1	333	12.1	775	28.2
National Advisory Committee for Aeronautics	2,844	51	1.8	71	2.5	122	4.3
National Archives	445	11	2.5	33	7.4	44	9.9
National Capital Park and Planning Commission	18	3	16.7	2	11.1	5	27.8
National Housing Agency	13,990	1,506	10.8	1,058	7.6	2,564	18.3
National Labor Relations Board	887	128	14.4	119	13.4	247	27.7
National Mediation Board	27	6	22.2	13	48.1	19	70.4
Panama Canal	279	0	0.0	8	2.9	8	2.9
Railroad Retirement Board	1,871	22	1.2	61	3.3	83	4.4
Reconstruction Finance Corporation	7,396	583	7.9	1,448	19.6	2,031	27.5
Securities and Exchange Commission	1,390	162	11.6	262	18.8	424	30.4
Smithsonian Institution	823	6	0.7	39	4.7	45	5.4
Tariff Commission	351	33	9.4	67	19.1	100	28.2
Tax Court of the United States	132	4	3.0	35	26.5	39	21.2
Tennessee Valley Authority	15,341	364	2.3	424	2.8	788	5.1
U. S. Maritime Commission	6,598	365	5.5	297	4.5	662	10.0
Veterans' Administration	43,578	1,315	3.0	1,092	2.5	2,407	5.5
Department of Commerce	19,282	768	3.9	884	4.6	1,652	8.6
Department of the Interior	27,582	1,112	4.0	1,098	4.0	2,210	8.0
Department of Justice	29,564	1,218	4.1	1,606	5.4	2,824	9.6
Department of Labor	5,806	260	4.5	304	5.2	564	9.7
Department of State	5,200	251	4.8	668	12.8	919	17.7
Treasury Department	59,344	1,436	2.4	2,428	4.1	3,864	6.5
War Department	579,446	5,541	0.1	3,385	0.6	8,926	1.5
Navy Department	124,181	2,329	1.9	856	0.7	3,185	2.6
Post Office Department	266,281	862	0.3	296	0.1	1,158	0.5
Total	1,381,394	25,006	1.8	27,684	2.0	52,690	3.8

[1] Listed by Civil Service Commission with executive group, actually a legislative agency

APPENDIX VI.—*Number of classified employees receiving over $4,500, and estimated annual salaries, based on figures for the month of October 1942*

Agency	Classified employees receiving over $4,500 in executive branch	Total employees in executive branch (Civil Service figures)	Estimated total salaries of employees in executive branch receiving over $4,500	Total salaries of all employees in executive branch for October 1942
Executive Office of the President:				
Executive staff	----------	857	----------	$227,282
Maintenance force	----------	62	----------	7,644
War establishments:				
Office for Emergency Management:				
Alien Property Custodian	213	939	$1,192,800	119,101
War Production Board	3,406	20,200	19,073,600	4,482,697
War Shipping Administration	103	1,117	576,800	205,662
All other Office for Emergency Management	1,601	16,824	8,965,600	3,024,643
Office of Censorship	61	12,058	341,600	1,673,882
Office of Price Administration	2,019	34,197	11,306,400	4,929,846
Office of Strategic Services	79	1,050	442,400	197,907
Board of Economic Warfare	480	2,620	2,689,000	564,850
Selective Service System	19	27,309	106,400	2,789,334
Executive departments:				
State	668	7,725	3,740,800	1,540,341
Treasury	2,428	69,837	13,496,800	12,316,518
War	3,385	1,178,903	18,956,000	166,630,554
Justice	1,606	30,057	8,993,600	5,683,565
Post Office	296	315,627	1,657,600	55,825,423
Navy	836	531,141	4,793,600	115,044,440
Interior	1,098	44,954	6,148,800	7,176,515
Agriculture	----------	76,804	----------	12,632,551
Commerce	884	25,503	4,950,400	4,453,015
Labor	304	5,146	1,702,400	929,451
Independent establishments:				
Alley Dwelling Authority	8	242	44,800	39,179
American Battle Monuments Commission	----------	5	----------	817
Bituminous Coal Consumers Counsel	12	44	67,200	12,059
Board of Governors, Federal Reserve System	----------	448	----------	113,591
Board of Investigation and Research	32	158	179,200	38,976
Civil Service Commission	232	7,626	1,299,200	1,249,582
Electric Home and Farm Authority	----------	87	----------	17,939
Employees' Compensation Commission	25	517	140,000	88,585
Export Import Bank	----------	49	----------	14,433
Federal Communications Commission	115	2,262	644,000	455,015
Federal Deposit Insurance Corporation	76	2,727	425,600	386,868
Federal Power Commission	116	827	649,600	166,076
Federal Security Agency	969	66,449	5,426,400	9,371,115
Federal Trade Commission	143	590	800,800	157,317
Federal Works Agency	679	28,455	3,802,400	4,472,639
General Accounting Office	140	7,772	784,000	1,268,021
Government Printing Office [1]	1	7,772	4,600	1,539,944
Interstate Commerce Commission	333	2,522	1,864,800	608,720
Maritime Commission	297	6,508	1,663,200	1,271,103
National Advisory Committee for Aeronautics	71	2,958	397,600	560,953
National Archives	33	445	184,800	82,015
National Capital Park and Planning Commission	2	22	11,200	5,464
National Housing Agency	1,058	15,626	5,924,800	2,920,804
National Mediation Board	13	77	72,800	20,025
National Labor Relations Board	119	893	665,400	196,864
Panama Canal	8	32,906	44,800	3,606,332
Railroad Retirement Board	61	1,858	341,600	299,892
Reconstruction Finance Corporation	1,448	6,964	8,108,800	1,562,660
Securities and Exchange Commission	262	1,376	1,467,200	339,441
Smithsonian Institution	39	840	218,400	127,316
Tariff Commission	67	347	375,200	86,582
Tax Court of United States	35	130	196,000	39,011
Tennessee Valley Authority	424	40,065	2,374,400	7,102,106
Veterans' Administration	1,092	44,596	6,115,200	6,379,277

[1] Listed by Civil Service Commission with executive group, actually a legislative agency.

APPENDIX VI.—*Number of classified employees receiving over $4,500, and estimated annual salaries, based on figures for the month of October 1942*—Continued

Agency	Classified employees receiving over $4,500 in executive branch	Total employees in executive branch (Civil Service figures)	Estimated total salaries of employees in executive branch receiving over $4,500	Total salaries of all employees in executive branch for October 1942
Independent establishments—Con.				
Bureau of the Budget	178	----------	$996,800	----------
National Resources Planning Board	85	----------	$476,000	----------
Total	27,684	2,687,093	$154,900,400	$445,135,852
Total estimated annual salaries	----------	----------	----------	$5,341,630,224

From the foregoing table, which is based on Nov. 1, 1942, figures, the following relationship is clear:

(a) 1.03 percent of the employees in the executive branch of the Federal Government received over $4,560 per annum on Nov. 1, 1942. This does not include those unclassified employees who receive over $4,500.

(b) The above 1.03 percent of these employees received 2.096 percent of the total salaries paid employees in the executive branch of the Federal Government.

○

78TH CONGRESS
1st Session

SENATE

DOCUMENT
No. 130

REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES

ADDITIONAL REPORT

OF THE

JOINT COMMITTEE ON REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES CONGRESS OF THE UNITED STATES

PURSUANT TO

SECTION 601 OF THE REVENUE ACT OF 1941

FEDERAL OWNERSHIP OF REAL ESTATE

NOVEMBER 18, 1943.—Referred to the Committee on Appropriations and ordered to be printed with an illustration

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1943

CONGRESS OF THE UNITED STATES

JOINT COMMITTEE ON REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES

CREATED PURSUANT TO SECTION 601 OF THE REVENUE ACT OF 1941

HARRY FLOOD BYRD, Senator from Virginia, *Chairman*

ROBERT L. DOUGHTON, Representative from North Carolina, *Vice Chairman*

SENATE	HOUSE OF REPRESENTATIVES
WALTER F. GEORGE, Senator from Georgia	THOMAS H. CULLEN, Representative from New York
ROBERT M. LA FOLLETTE, JR., Senator from Wisconsin	ALLEN T. TREADWAY, Representative from Massachusetts
CARTER GLASS, Senator from Virginia	CLARENCE CANNON, Representative from Missouri
KENNETH McKELLAR, Senator from Tennessee	CLIFTON A. WOODRUM, Representative from Virginia
GERALD P. NYE, Senator from North Dakota	JOHN TABER, Representative from New York

HENRY MORGENTHAU, JR., *Secretary of the Treasury*

HAROLD D. SMITH, *Director of the Bureau of the Budget*

LETTER OF TRANSMITTAL

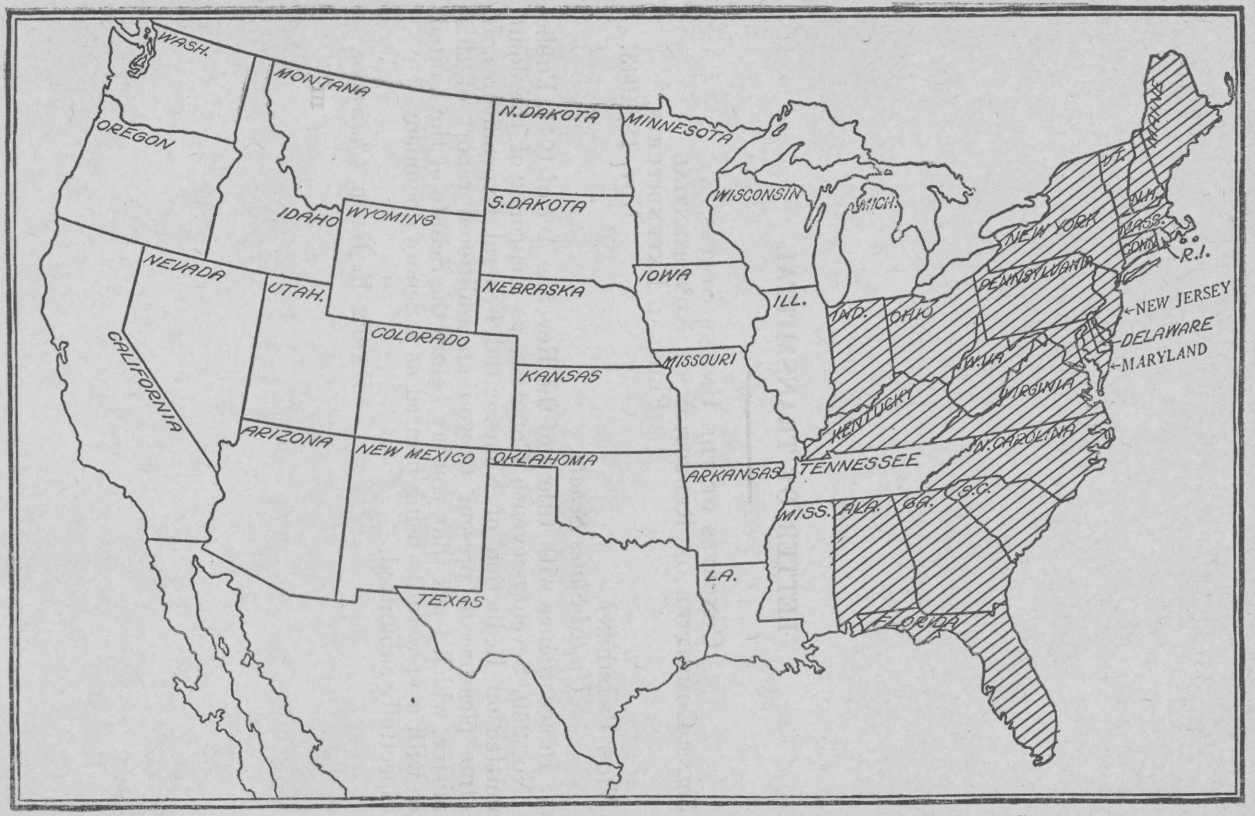
CONGRESS OF THE UNITED STATES,
JOINT COMMITTEE ON REDUCTION OF NONESSENTIAL
FEDERAL EXPENDITURES,
Nov. 18, 1943.

The VICE PRESIDENT,
United States Senate.

SIR: In accordance with title 6 of the Revenue Act of 1941, Public Law No. 250, Seventy-seventh Congress, as chairman of the Joint Committee on Reduction of Nonessential Federal Expenditures, it gives me pleasure to present to you an additional report of this committee, which I ask that you lay before the Senate of the United States with a view to its being printed as a Senate document.

Respectfully submitted.

HARRY F. BYRD, *Chairman.*



FEDERAL REAL ESTATE COMPRISES ONE-FIFTH OF THE LAND AREA OF THE UNITED STATES—
EQUAL IN EXTENT TO 21 EASTERN STATES

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FEDERAL LAND AND PROPERTY

TOTAL FEDERAL ACQUISITION OF LAND

Federal ownership of real estate in the United States will comprise over one-fifth of the entire land area of the country, if pending condemnations, purchases, and prospective acquisitions are consummated. This total of 384,519,556 acres is indicated by the following tabulation:

TABLE I.—*Total acreage of land owned by the Federal Government (including public domain, past acquisitions, and prospective acquisitions)*

	Acres
Total land owned by United States June 30, 1940 [1]	368, 816, 289
Acquired July 1, 1940, to June 30, 1941 [2]	2, 458, 302
Acquired July 1, 1941, to June 30, 1942 [2]	1, 813, 825
Acquired July 1, 1942, to Jan. 30, 1943 [2]	2, 546, 050
Pending condemnation [3]	6, 291, 269
Pending direct purchase [2]	424, 798
Prospective acquisitions:	
War Department [3]	1, 150, 000
Navy Department [2]	100, 000
Total	383, 600, 533

[1] Federal Works Agency computation.
[2] Department of Justice computation.
[3] Excludes estimated transfers.

This total of 383,600,533 acres owned or to be acquired by the Federal Government is equal in size to the combined area of Maine, New Hampshire, Vermont, Rhode Island, Massachusetts, Connecticut, Pennsylvania, New York, New Jersey, Delaware, Maryland, West Virginia, Virginia, North Carolina, South Carolina, Georgia, Florida, Ohio, Alabama, Kentucky, and Indiana. It represents 20 percent of the entire area of the United States.

Of the total land acquired by the Federal Government up to June 30, 1940, 334,987,000 acres were in the public domain and 33,829,000 acres were acquired by purchase, condemnation proceedings, etc.

From July 1, 1940, to January 30, 1943, land acquisitions totaling 14,884,244 acres have been acquired or are in the process of condemnation or purchase. This represents a total of 23,256 square miles, a land area nearly equaling that of West Virginia.

LAND ACQUISITION BY AGENCY

By making use of all available data a complete survey of land acquisition by department and agency may be arrived at. The following tabulation may lack absolute completeness, as a comparison with table I will illustrate, but in general it may be stated that the figures shown below are the nearest approach to a complete record as is existent.

TABLE II.—*Land acquisition, by agency, to Jan. 30, 1943*

Establishment	Acres acquired prior to June 30, 1940 [1]	Acres acquired July 1, 1940–Jan. 30, 1943 [2]	Total acres acquired to Jan. 30, 1943	Cost of acreage acquired prior to June 30, 1940 [1]	Cost of acreage acquired July 1, 1940–Jan. 30, 1943 [2]	Total cost of acreage acquired to Jan. 30, 1943
Department of Agriculture	158,956,034	3,796,574	162,752,608	$101,738,904	$14,278,198	$116,017,102
Department of Commerce	32,201	236	32,437	2,639,823	128,212	2,768,035
Department of Interior	204,676,431	409,408	205,085,839	104,849,944	3,853,588	108,703,532
Department of Justice	25,576	180	25,756	1,998,610	24,660	2,023,270
Navy Department	499,961	98,527	598,488	25,674,927	17,646,734	43,321,661
Post Office Department	1,806	----------	1,806	139,988,647	----------	139,988,647
Department of State	35,432	17,522	52,954	553,917	31,882	585,799
Treasury Department	30,114	----------	30,114	4,874,830	----------	4,874,830
War Department	3,847,004	2,469,516	6,316,520	119,804,306	156,069,773	275,874,079
National Capital Housing Authority	150	----------	150	1,081,400	----------	1,081,400
Architect of the Capitol	206	----------	206	17,269,166	----------	17,269,166
Federal Communications Commission	61	477	538	1,451	59,470	60,921
Federal Reserve Board	5	----------	5	737,180	----------	737,180
Federal Security Agency	15,028	----------	15,028	3,999,840	----------	3,999,840
Federal Works Agency	3,980	20,237	24,217	83,140,441	2,005,240	85,145,681
Government Printing Office	5	----------	5	5,658,736	----------	5,658,736
Home Owners' Loan Corporation	1	----------	1	1,141,500	----------	1,141,500
National Advisory Committee for Aeronautics	39	200	239	20,000	500	20,500
Red Cross	4	----------	4	357,634	----------	357,634
Smithsonian Institution	199	----------	199	276,561	----------	276,561
Soldiers' Home	500	----------	500	326,193	----------	326,193
Tennessee Valley Authority	626,504	----------	626,504	61,168,451	----------	61,168,451
U. S. Maritime Commission	897	73	970	2,302,703	2,566,000	4,868,703
Veterans' Administration	64,151	2,340	66,491	11,919,067	147,140	12,066,207
Reconstruction Finance Corporation	----------	46	46	----------	425,842	425,842
National Housing Agency	----------	2,485	2,485	----------	1,114,677	1,114,677
District of Columbia	----------	356	356	----------	24,735	24,735
Total	368,816,289	6,818,177	375,634,466	[3] 691,524,231	198,376,651	889,900,882

[1] Federal Works Agency computations.
[2] Department of Justice computations.
[3] Does not include cost of public domain.

As of January 30, 1943, of the total land acquired by the Federal Government at least 205,085,839 acres have been acquired by the Department of the Interior. Some 162,752,608 acres have been acquired by the Department of Agriculture. These two Departments, as of January 30, controlled over 95 percent of all land owned by the Federal Government. Much of this land is in the public domain.

The War Department as of the above date controlled 6,316,520 acres. This amount will have been considerably augmented when present pending acquisition, including transfers, totaling 16,769,185 acres are cleared. At such time the War Department will than have acquired 23,085,705 acres, including transfers. The Navy Department has acquired 598,488 acres with a similar 799,198 acres pending acquisition. This will total 1,397,686 acres. The Tennessee Valley Authority, fifth largest Government landholder, has acquired 626,504 acres with none pending.

The cost of land acquired by the Federal Government as of January 30, 1943, was $889,900,882. This cost does not include the purchase of 334,987,431 acres of public domain, comprising five-sixths of all federally owned land. Nor does it include 8,762 parcels of land procured (such as city lots) which, from July 1, 1940, to January 30, 1943, cost $144,952,877, for a total land cost of $1,034,853,759 to January 30, 1943. (For a complete study of the parcel acquisitions in the Federal Government from June 30, 1940, to January 30, 1943, see appendix, table A.)

LAND ACQUISITION BY STATES

The table below indicates the Federal ownership of land in the various States as of June 30, 1940, as compiled by the Federal Works Agency. No more recent figures are at present available with the exception of the compilations found in the section entitled "Public Land Withdrawn in Connection with the National Emergency."

As of June 30, 1940, as noted below, more than 25 percent of the total federally owned land is in 11 Western States. Most of this was in the public domain. However, even at that time 33,829,000 acres acquired by purchase or condemnation were owned by the Federal Government. This total has been increased by 6,818,177 acres as of January 30, 1943, as indicated on table II.

TABLE III.—*Record of Federal real estate, by States*[1] *(as of June 30, 1940)*

State	Number of projects	Number of counties	Number of—		Acreage of Federal real estate				Acreage of State		Cost of Federal real estate		
			Counties having Federal projects	Cities having Federal projects	Public domain	Otherwise acquired (purchase, condemnation, donation, etc.)		Total	Total	Federal	Land	Improvements	Total
						Rural	Urban						
1	2	3	4	5	6	7	8	9	10	11	12	13	14
										Percent			
Alabama	370	67	66	73	44,516	884,253	1,771	930,540	32,818,560	2.84	$29,590,781	$142,168,947	$171,759,728
Arizona	189	14	14	16	30,585,679	356,432	46	30,942,157	72,838,400	42.48	1,476,241	131,387,502	132,863,743
Arkansas	227	75	72	59	1,123,215	1,390,690	1,231	2,515,136	33,616,000	7.48	6,248,533	32,109,381	38,357,914
California	800	58	58	150	39,946,071	1,004,885	8,538	40,959,494	99,617,280	41.12	28,342,167	319,956,791	348,298,958
Colorado	326	63	62	55	22,073,138	744,574	76	22,817,788	66,341,120	34.39	5,308,187	65,352,680	70,660,867
Connecticut	138	8	8	48		429	305	734	3,084,800	.02	3,524,035	18,127,635	21,651,670
Delaware	70	3	3	14		27,137	9	27,146	1,257,600	2.16	3,620,136	15,158,466	18,778,602
District of Columbia	972			1			11,146	11,146	44,320	25.15	101,461,058	436,784,457	538,245,515
Florida	315	67	66	55	216,609	1,556,135	1,549	1,774,293	35,111,040	5.05	6,123,571	67,888,603	74,012,174
Georgia	317	159	121	95		1,160,350	537	1,160,887	37,584,000	3.09	12,947,934	64,075,274	77,023,208
Idaho	299	44	44	46	31,307,132	1,099,084	822	32,407,038	53,346,560	60.75	4,130,881	56,327,525	60,458,406
Illinois	415	102	97	181		288,406	3,395	291,801	35,867,520	.81	22,694,632	191,140,873	213,835,505
Indiana	229	92	88	108		62,901	355	63,256	23,068,800	.27	5,190,977	39,465,424	44,656,401
Iowa	189	99	90	103		58,121	848	58,969	35,575,040	.17	4,321,557	29,772,352	34,093,909
Kansas	143	105	71	70	25,618	69,046	98	94,762	52,335,360	.18	1,740,674	40,468,927	42,209,601
Kentucky	226	120	95	75		583,545	1,118	584,663	25,715,840	2.27	10,149,324	55,957,078	66,106,402
Louisiana	227	64	56	52	14,566	1,037,738	473	1,052,777	29,061,760	3.62	13,860,495	115,643,948	129,504,443
Maine	220	16	16	66		98,432	1,062	99,494	19,132,800	.52	2,624,853	34,136,019	36,760,872
Maryland	143	24	22	30		124,107	711	124,818	6,362,240	1.96	13,349,269	135,578,180	148,927,449
Massachusetts	281	14	14	108		13,106	2,513	15,619	5,144,960	.03	31,190,233	135,859,379	167,049,612
Michigan	470	83	81	115	122,185	2,169,728	774	2,292,687	36,787,200	.62	13,985,698	68,447,626	82,433,324
Minnesota	246	87	70	79	1,431,377	1,670,143	1,985	3,103,505	51,749,120	6.00	9,975,193	43,901,154	53,876,347
Mississippi	321	82	79	76	9,671	1,234,250	904	1,244,825	29,671,680	4.20	8,906,477	29,373,802	38,280,279
Missouri	289	114	96	93		1,351,233	385	1,351,618	43,985,280	3.07	19,539,941	63,914,048	83,453,989
Montana	381	56	56	35	24,927,361	1,760,697	53	26,688,111	93,523,840	28.54	7,040,929	119,395,653	126,436,582
Nebraska	148	93	68	48	259,216	197,827	182	457,225	49,157,120	.93	2,782,747	22,178,813	24,961,560
Nevada	158	17	17	13	54,960,302	119,685	28	55,080,015	70,285,440	78.37	948,179	72,998,687	73,946,866
New Hampshire	56	10	10	27		668,233	69	668,302	5,779,840	11.56	6,111,857	5,941,514	12,053,371
New Jersey	270	21	20	100		26,693	604	27,297	4,808,960	.57	11,237,652	84,003,663	95,241,315
New Mexico	231	31	31	17	24,970,692	1,388,399	35	26,359,126	78,401,920	33.62	3,191,170	53,493,280	56,684,450
New York	638	62	61	198		87,240	5,435	92,675	30,498,560	.30	80,140,844	302,549,301	382,660,145
North Carolina	275	100	89	89		1,469,302	366	1,469,668	31,193,600	4.71	19,380,121	62,919,283	82,299,404

North Dakota	179	53	48	30	194,564	769,119	304	963,987	44,917,120	2.15	4,287,716	9,202,109	13,489,825
Ohio	393	88	88	160	----------	91,463	1,199	92,662	26,073,600	.36	18,206,648	109,971,645	128,178,293
Oklahoma	239	77	73	69	171,240	245,850	136	417,226	44,424,960	.94	4,661,057	32,086,011	36,747,068
Oregon	384	36	36	44	26,629,080	795,965	168	27,425,213	61,188,480	44.82	7,649,130	113,811,909	121,461,039
Pennsylvania	429	67	63	208	----------	520,075	2,406	522,481	28,692,480	1.82	27,790,998	153,833,611	181,624,609
Rhode Island	69	5	5	16	----------	10,039	56	10,095	682,880	1.48	2,245,034	18,324,540	20,569,574
South Carolina	177	46	44	46	----------	719,069	98	719,167	19,516,800	3.68	6,835,336	37,214,166	44,049,502
South Dakota	127	69	53	29	1,762,786	545,728	20	2,308,534	49,195,520	4.69	3,127,759	18,710,580	21,838,339
Tennessee	468	95	92	120	----------	1,095,131	2,814	1,097,945	26,679,680	4.12	43,838,607	164,245,991	208,084,598
Texas	514	254	167	171	----------	910,416	3,495	913,911	167,934,720	.54	15,528,953	116,292,830	131,821,783
Utah	249	29	29	30	35,565,121	200,123	120	35,765,364	52,597,760	68.00	2,443,281	33,808,811	36,252,092
Vermont	73	14	12	28	----------	168,671	33	168,704	5,839,360	2.89	2,245,826	7,673,317	9,919,143
Virginia	366	100	85	72	----------	1,612,365	2,762	1,615,127	25,767,680	6.27	34,770,505	209,180,370	243,950,875
Washington	418	39	39	67	10,413,076	669,324	3,469	11,085,869	42,775,040	25.92	8,627,433	163,999,367	172,626,800
West Virginia	152	55	45	63	----------	905,223	556	905,779	15,374,080	5.89	7,337,234	63,159,033	70,496,267
Wisconsin	320	71	67	105	14,960	1,479,518	2,581	1,497,059	35,363,840	4.23	9,060,711	46,775,683	55,836,394
Wyoming	202	23	23	35	28,219,256	319,226	1,112	28,539,594	62,430,720	45.71	1,761,657	55,005,491	56,767,148
Total	14,338	3,071	----------	----------	334,987,431	33,760,106	68,752	368,816,289	1,903,221,280	19.38	[2]691,524,231	[2]4,409,771,729	[2]5,101,295,960

[1] Federal Works Agency computations.
[2] Does not include cost of public domain.

LAND ACQUISITION BY FUNCTION

The following computations, compiled by the Federal Works Agency, show that as of June 30, 1940, most of the Federal land was in use for forest conservation, grazing, control of public lands, and national parks. Comparatively high costs are noted for that land in use for postal services, flood control, national defense, land reclamation, and forest conservation. These costs, it must be borne in mind, include the purchase of land and consequent improvements, but do not include the original cost of public domain.

TABLE IV.—*Land acquisition by function as of June 30, 1940* [1]

Agency	Use of real estate	Cost	Acres
1. Forest Service	Conservation of forests	$330, 890, 702	154, 817, 243
2. Grazing Service	Grazing	4, 078, 970	138, 712, 582
3. General Land Office	Control of public lands		44, 667, 839
4. National Park Service	Conservation of scenic resources	134, 718, 301	14, 087, 831
5. Fish and Wildlife Service	Conservation of fish and bird life	31, 899, 652	4, 243, 466
6. Soil Conservation Service	Conservation of soil	54, 704, 419	3, 443, 211
7. Quartermaster Corps	National defense	693, 366, 895	2, 116, 862
8. Corps of Engineers	Flood control and water commerce	624, 980, 993	1, 730, 142
9. Bureau of Reclamation	Land reclamation	477, 405, 271	1, 650, 582
10. Indian Affairs	Care of Indians	27, 160, 137	1, 288, 177
11. Tennessee Valley Authority	River control and power development.	309, 197, 640	626, 504
12. Farm Security Administration	Rural resettlement	115, 426, 851	568, 107
13. Yards and Docks	National defense	513, 741, 255	499, 961
14. Animal Industry	Experiments and tests	2, 001, 761	105, 909
15. Veterans' Administration	Care of veterans	207, 483, 758	64, 151
16. Boundary Commission, United States and Mexico.	River control	11, 600, 667	35, 432
17. Civil Aeronautics Board	Air commerce	7, 135, 613	31, 117
18. Coast Guard	Protection of water commerce	43, 209, 026	29, 962
19. Prisons	Care of prisoners	41, 070, 901	25, 516
20. Public Health Service	Protection of public health	45, 569, 115	14, 925
21. National Capital Parks	Conservation of scenic resources	63, 442, 721	12, 679
22. Mines	Experiments and tests	3, 312, 878	12, 410
23. Plant Industry	do	3, 938, 276	10, 556
24. Office of the Secretary of Agriculture	do	9, 893, 564	10, 223
25. Post Office	Postal Service	638, 816, 802	1, 806
26. Surplus property (Public Building)	Surplus property	26, 169, 995	1, 369
27. Public Works Administration	Prison	1, 429, 128	976
28. U. S. Housing Authority	Housing	126, 292, 091	933
29. U. S. Maritime Commission	Water commerce	51, 015, 926	897
30. St. Elizabeths Hospital	Care of the insane	9, 630, 220	829
31. Dairy Industry	Experiments and tests	117, 125	640
32. Public Buildings Administration	Miscellaneous buildings	298, 355, 636	567
33. Inland Waterways Corporation	Water commerce	2, 382, 365	535
34. U. S. Soldiers' Home	Care of veterans	5, 801, 178	500
35. Standards	Experiments and tests	4, 297, 719	254
36. Architect of the Capitol	Enactment of legislation	94, 244, 335	206
37. Smithsonian Institution	Education and recreation	9, 043, 741	199
38. Coast and Geodetic Survey	Surveys and maps	35, 600	178
39. Alley Dwelling Authority	Housing	3, 723, 884	150
40. Agricultural Chemistry and Engineering.	Experiments and tests	8, 678, 862	139
41. Mint	Production of money	9, 792, 660	124
42. Weather Bureau	Weather forecasts	927, 197	117
43. Public Roads Administration	Highway commerce	2, 615, 796	111
44. Columbia Institution for the Deaf	Care of the deaf	846, 500	103
45. Federal Communications Commission	Communication by wire and air	65, 780	61
46. Immigration and Naturalization	Care of aliens	8, 568, 502	60
47. National Advisory Committee for Aeronautics.	Experiments and tests	7, 870, 000	39
48. Geological Survey	Surveys and maps	171, 065	25
49. U. S. Housing Corporation	Housing		24
50. Customs	Collection of revenue	121, 277	12
51. Engraving and Printing	Production of money	8, 988, 692	12
52. Freedmen's Hospital	Care of the sick	1, 975, 162	11
53. Federal Reserve Board	Administration of Federal affairs	4, 539, 041	5
54. Entomology and Plant Quarantine	Experiments and tests	614, 992	6
55. Government Printing Office	Printed matter	11, 948, 736	5
56. Procurement	Administration of Federal affairs	653, 843	4
57. Red Cross	Care of the distressed	2, 527, 668	4
58. Home Owners' Loan Corporation	Administration of Federal affairs	2, 700, 878	1
59. Boundary Commission, United States and Canada.	Boundary markers	104, 198	
Total		5, 101, 295, 960	368, 816, 289

[1] Federal Works Agency computations.

LAND ACQUISITION AND PROPOSED PURCHASE BY AGENCY

Considerable land is in the process of condemnation with some pending direct purchase. As of January 31, 1943, the total amounts follow:

TABLE V.—*Total acres pending condemnation and direct purchase as of Jan. 31, 1943*[1]

Department or agency	Acres pending condemnation	Acres pending direct purchase	Total acres
Department of Agriculture	200,728.62	327,804.30	528,532.92
District of Columbia	35.11		35.11
National Housing Agency	23,897.65		23,897.65
Department of the Interior	118,239.78	39,486.00	157,725.78
U. S. Maritime Commission	932.41	2.67	935.08
Navy Department	787,609.61	11,588.98	799,198.59
Reconstruction Finance Corporation	5,659.56		5,659.56
Department of State	282.39	4.67	287.06
Treasury Department	33.09		33.09
War Department	16,203,041.38	566,143.73	16,769,185.11
War Shipping Board	126.00		126.00
Department of Justice		85.00	85.00
Veterans' Administration		557.61	557.61
Department of Commerce	13.29	34.74	48.03
Federal Works Agency	19,638.813	764.61	20,403.423
Total	17,360,237.703	946,472.31	18,306,710.013

[1] Based on Department of Justice computations.

Of these 18,000,000 acres approximately 10,500,000 acres have been in the public domain. Almost all of this land is desired by the War Department, with the Navy Department and a few other agencies seeking a minor portion.

Somewhat similar material has been compiled by the Bureau of the Budget. Including both present acquisitions and proposed purchases, the tabulation indicates that the War Department expects to acquire by far the most land, with the Navy Department, the Department of Agriculture, the Department of the Interior, and the Reconstruction Finance Corporation following in the order named.

TABLE VI.—*Report of land purchases and proposed purchases (including condemnations), by agency, Jan. 1, 1942, to June 30, 1944* [1]

[Based on reports submitted by agencies concerned]

Department or establishment	Purchases Jan. 1, 1942, to Dec. 31, 1942		Proposed purchases Jan. 1, 1943, to June 30, 1943		Proposed purchases July 1, 1943, to June 30, 1944	
	Acres	Cost	Acres	Cost	Acres	Cost
Department of Agriculture:						
Farm Security Administration	97,284	$316,000	39,025	$313,000	4,000	$80,000
Forest Service	309,205	1,367,000	143,447	504,000	88,683	295,000
Bureau of Plant Industry	27	6,000				
Special research fund	1,521	10,000				
Soil Conservation Service, submarginal agricultural lands	277,297	1,185,000				
Total, Department of Agriculture	685,334	2,884,000	182,472	817,000	92,683	375,000
Department of Commerce: Civil Aeronautics Administration	10	(2)	45	5,000		

[1] Bureau of the Budget computation.
[2] Less than $500.

TABLE VI.—*Report of land purchases and proposed purchases (including condemnations), by agency, Jan. 1, 1942, to June 30, 1944*—Continued

[Based on reports submitted by agencies concerned]

Department or establishment	Purchases Jan. 1, 1942, to Dec. 31, 1942		Proposed purchases Jan. 1, 1943, to June 30, 1943		Proposed purchases July 1, 1943, to June 30, 1944	
	Acres	Cost	Acres	Cost	Acres	Cost
Department of the Interior:						
Bonneville Power Administration	490	$110,000	56	$34,000	63	$12,000
Bureau of Indian Affairs:						
Tribal funds	63,960	354,000	9,145	95,000	103,569	506,000
Other	50,406	393,000	16,037	129,000	35,951	271,000
Bureau of Reclamation	24,358	677,000	31,825	1,243,000	33,137	1,091,000
Bureau of Mines	4,011	5,000	6,193	25,000	61	31,000
National Park Service	3,801	169,000	4,392	261,000	----	----
Fish and Wildlife Service	22,338	183,000	33,007	93,000	37,033	186,000
Puerto Rico Reconstruction Administration	406	7,000	----	----	----	----
Total, Department of the Interior	169,770	1,898,000	100,655	1,880,000	209,814	2,097,000
Department of Justice: Bureau of Prisons	80	1,000	----	----	----	----
Navy Department:						
Bureau of Yards and Docks	592,756	[3] 63,883,000	296,230	[3] 25,130,000	----	----
Coast Guard	62	[3] 2,554,000	80	3,000	----	----
Total, Navy Department	592,818	66,437,000	296,310	25,133,000	----	----
Department of State: International Boundary Commission, United States and Mexico	1,228	29,000	----	----	74	5,000
War Department: Real Estate Branch for War Department	3,064,663	164,618,000	767,972	41,844,000	323,220	43,567,000
District of Columbia	7	98,000	16	144,000	----	----
The Alley Dwelling Authority	473	713,000	----	----	----	----
Federal Communications Commission	140	14,000	[4] 30	[4] 6,000	----	----
Federal Works Agency:						
Office of Administrator	621	754,000	----	----	----	----
Public Roads Administration	624	3,593,000	----	----	----	----
Total, Federal Works Agency	1,245	4,347,000	----	----	----	----
National Capital Park and Planning Commission	76	759,000	1,161	998,000	287	346,000
National Housing Agency: Federal Public Housing Authority	25,860	11,154,000	5,486	2,443,000	[5] 6,948	[5] 3,282,000
Reconstruction Finance Corporation:						
Defense Plant Corporation	73,921	[3] 49,063,000	7,701	[3] 13,516,000	----	----
Metals Reserve Company	243	7,000	----	----	----	----
RFC Mortgage Company	1	209,000	----	----	----	----
Total, Reconstruction Finance Corporation and subsidiaries	74,165	49,279,000	7,701	13,516,000	----	----
Tennessee Valley Authority	134,993	15,207,000	90,148	4,916,000	90,544	3,722,000
U. S. Maritime Commission	1,507	5,665,000	[6] 1,189	948,000	----	----
U. S. Veterans' Administration	----	----	557	116,000	----	----
War Shipping Administration	290	4,325,000	17	103,000	----	----
Total	4,752,659	327,428,000	1,453,759	92,869,000	723,570	53,394,000

[3] Includes improvements in cases where land and improvements were purchased as a unit.
[4] This purchase depends on authority now pending in Congress.
[5] Estimates are only to Dec. 31, 1943.
[6] Includes 827 acres the cost of which is undeterminable at this time due to incomplete detailed reports.

LAND ACQUISITION AND PROPOSED PURCHASE BY STATES

According to Bureau of the Budget figures much of this acquisition has been and will be found in the States of Texas, California, South Dakota, Florida, Oklahoma, Idaho, Tennessee, New Mexico, Colorado, Arkansas, Georgia, Louisiana, Mississippi, North Carolina, and Oregon. The list follows:

TABLE VII.—*Report of land purchases and proposed purchases (including condemnations), by State, Jan. 1, 1942, to June 30, 1944 (based on reports submitted by agencies concerned)*[1]

Location	Purchases, Jan. 1 to Dec. 31, 1942		Proposed purchases, Jan. 1 to June 30, 1943		Proposed purchases, July 1, 1943, to June 30, 1944	
	Acres	Cost	Acres	Cost	Acres	Cost
Alabama	73,147	$4,796,000	[2] 10,354	$548,000	6,702	$153,000
Arizona	57,338	483,000	10,102	104,000	9,559	144,000
Arkansas	118,952	4,517,000	48,386	847,000	19,100	355,000
California	489,588	33,980,000	[2] 34,197	9,666,000	17,673	979,000
Colorado	130,316	3,449,000	4,412	255,000	14,514	318,000
Connecticut	2,084	7,269,000	153	141,000	90	61,000
Delaware	2,731	343,000	200	80,000	80	32,000
District of Columbia	182	1,888,000	64	406,000	49	216,000
Florida	279,283	8,056,000	20,071	286,000	9,181	29,000
Georgia	154,112	7,934,000	27,857	108,000	7,144	28,000
Idaho	91,027	510,000	175,009	128,000	10,095	159,000
Illinois	41,682	11,725,000	2,151	1,519,000	1,346	98,000
Indiana	111,286	12,140,000	8,393	699,000	5,654	74,000
Iowa	12,588	1,125,000	1,784	190,000	1,200	58,000
Kansas	102,866	7,453,000	5,053	348,000	457	41,000
Kentucky	56,002	5,234,000	46,950	2,201,000	36,466	1,722,000
Louisiana	169,752	4,334,000	66,367	520,000	3,260	174,000
Maine	7,652	1,535,000	2,571	540,000	72	17,000
Maryland	16,095	5,289,000	3,193	2,336,000	450	203,000
Massachusetts	10,936	5,291,000	3,346	1,009,000	2,182	39,000
Michigan	39,599	6,249,000	10,951	3,001,000	16,495	122,000
Minnesota	26,725	254,000	13,991	539,000	38,641	585,000
Mississippi	171,268	5,521,000	25,638	594,000	5,196	95,000
Missouri	85,470	4,091,000	23,630	664,000	22,484	497,000
Montana	75,732	821,000	20,215	165,000	6,412	95,000
Nebraska	93,067	5,470,000	193	121,000	120	8,000
Nevada	32,044	684,000	7,279	187,000	3,838	196,000
New Hampshire	2,569	901,000	2,157	189,000	40	12,000
New Jersey	20,811	10,950,000	245	1,528,000	120	120,000
New Mexico	134,042	792,000	5,254	95,000	10,224	47,000
New York	22,447	40,170,000	3,577	3,264,000	4,638	997,000
North Carolina	169,598	5,074,000	46,903	1,903,000	42,042	1,269,000
North Dakota	38,597	213,000	22,431	140,000	12,018	93,000
Ohio	41,043	8,424,000	25,450	2,789,000	38,346	3,049,000
Oklahoma	226,445	4,609,000	68,986	1,694,000	28,788	927,000
Oregon	165,498	8,824,000	1,595	362,000	6,563	245,000
Pennsylvania	28,863	13,113,000	16,255	5,343,000	12,180	2,525,000
Rhode Island	3,780	1,231,000	1,673	1,056,000	40	16,000
South Carolina	30,278	2,229,000	2,241	46,000	745	92,000
South Dakota	289,096	2,730,000	3,035	31,000	12,934	138,000
Tennessee	256,314	22,485,000	132,169	7,390,000	62,187	2,853,000
Texas	550,483	23,113,000	[2] 50,777	1,586,000	14,328	226,000
Utah	85,781	2,728,000	8,918	88,000	9,550	125,000
Vermont	782	18,000	257	11,000	1,642	44,000
Virginia	33,800	12,109,000	74,745	7,454,000	10,246	253,000
Washington	59,527	11,682,000	7,752	1,018,000	12,722	485,000
West Virginia	2,014	334,000	1,127	2,350,000	7,981	2,419,000
Wisconsin	51,894	3,138,000	6,081	651,000	5,275	49,000
Wyoming	66,713	458,000	6,741	90,000	50,156	249,000
Alaska	38	9,000				
Hawaii	30	6,000	4,085	1,467,000		
Puerto Rico	20,566	1,506,000	1,195	122,000		
Samoa	33	53,000				
Virgin Islands	93	88,000				
Location undeterminable			387,600	25,000,000	142,345	30,663,000
Total	4,752,659	327,428,000	[2] 1,453,759	92,869,000	723,570	53,394,000

[1] Bureau of the Budget computations.

[2] Includes proposed purchases by the U. S. Maritime Commission of 150 acres in Alabama, 400 acres in California, and 277 acres in Texas, for which it is not considered practicable to make an estimate of cost at this time.

LAND ACQUISITION AND PROPOSED PURCHASE, BY FUNCTION

From a recent survey by the Bureau of the Budget, it is apparent that three-quarters of all land purchases from January 1 to December 31, 1942, has been for war purposes. Most of the remainder is for submarginal agricultural lands, forest lands, rivers, harbors, and flood control. Ostensibly, in the period between January 1 and June 30, 1943, war activities will approximate half of the land purchase and rivers, harbors, and flood control about a quarter. During the present fiscal year between July 1, 1943, and June 30, 1944, substantial land acquisitions are envisioned for rivers and harbors and control of floods while the war program and Indian lands acquisition will be much lower. Following is a table of land acquisitions—purchased and pending—by function:

TABLE VIII.—*Report of land purchases and proposed purchases (including condemnations), by function, Jan. 1, 1942, to June 30, 1944* [1]

[Based on reports submitted by agencies concerned]

Purposes	Purchases, Jan. 1 to Dec. 31, 1942		Proposed purchases, Jan. 1 to June 30, 1943		Proposed purchases July 1, 1943, to June 30, 1944	
	Acres	Cost	Acres	Cost	Acres	Cost
Incident to administrative functions	7,277	$424,000	8,435	$431,000	5,756	$243,000
Wildlife refuges	22,338	183,000	33,007	93,000	37,033	186,000
National parks, parkways, etc	3,884	1,026,000	5,569	1,403,000	287	346,000
Submarginal agricultural lands	305,773	1,367,000				
War housing	26,333	11,867,000	5,486	2,443,000	6,948	3,282,000
Indian lands	114,366	747,000	25,182	224,000	139,520	777,000
Resettlement farms and suburban communities	1,308	61,000	275	3,000	2,800	40,000
Forest lands, forestation, etc	309,205	1,367,000	143,447	504,000	88,683	295,000
Dam sites and reservoirs for power and flood-control projects	127,306	14,907,000	84,719	4,466,000	77,832	3,190,000
Substations and rights-of-way for transmission lines	7,124	254,000	3,875	205,000	7,080	332,000
Reclamation projects	91,858	750,000	70,575	1,553,000	34,337	1,131,000
War activities	3,543,905	285,559,000	[2] 692,817	64,700.000	142,345	30,663,000
Rivers and harbors and flood control	191,982	8,916,000	380,372	16,844,000	180,949	12,909,000
Total	4,752,659	327,428,000	1,453,759	92,869,000	723,570	53,394,000

[1] Bureau of the Budget computations.
[2] Includes 827 acres the cost of which is undeterminable at this time due to incomplete detailed reports.

LAND IN USE FOR WAR PURPOSES

The total land in use for war purposes as of March 30, 1943, is 43,181,183 acres. Almost all of this is being used by the War Department as the following table makes clear:

TABLE IX.—*Summary statement of land in use for war purposes as of Mar. 30, 1943* [1]

Agency	Title or possession acquired by Justice					Withdrawn from public domain and transferred by Interior	Special use permits issued by Interior	Transferred by Agriculture	Total	
	Completed (since July 1, 1938)		Pending for final settlement							
			Private land		Public domain					
	(1)		(2)		(3)	(4)	(5)	(6)	(7)	
	Acres	*Parcels* [2]	*Acres*	*Parcels*					*Acres*	*Parcels*
Commerce Department						26, 167			26, 167. 00	
Federal Public Housing	2, 484. 63	386	27, 191. 97	6, 063					29, 676. 60	6, 449
Federal Works Agency	20, 375. 41	1, 064	19, 718. 52	2, 131					40, 093. 93	3, 195
Maritime Commission	73. 02	100	932. 41	563					1, 005. 43	663
Navy Department	114, 188. 54	819	768, 349. 42	880	27, 304			39, 530. 00	949, 371. 96	1, 699
Reconstruction Finance Corporation	46. 03	26	9, 237. 55	370		8, 244			17, 527. 58	396
War Department	2, 967, 650. 87	6, 090	6, 234, 863. 03	2, 376	10, 480, 588	3, 720, 712	17, 313, 483	1, 381, 178. 82	42, 098, 475. 72	8, 466
War Relocation Authority						18, 865			18, 865. 00	
Grand total	3, 104, 818. 50	8, 485	7, 060, 292. 90	12, 383	[3] 10, 507, 892	[3] 3, 773, 988	17, 313, 483	1, 420, 708. 82	43, 181, 183. 22	20, 868

[1] Department of Justice computations.

[2] The item, "Parcels," represents those small areas described only as city lots or a certain number of square feet on which the actual acreage is unknown.

[3] The total of columns 3 and 4 (14,281,880 acres) represents the entire area withdrawn from the public domain for war purposes, while column 3 (10, 507,892 acres) represents only that portion of the land withdrawn on which the Department of Justice has instituted condemnation proceedings for the elimination of outstanding private interests.

NOTE.—This does not include 582,342 acres withdrawn from the public domain for the use of the Department of the Interior in connection with the production of platinum, copper, helium, magnesite, etc.

Land acquired or in use for war purposes from July 1, 1938, to March 30, 1943, inclusive of areas of public lands the use of which is permitted, by order of the Secretary of the Interior (in the total amount of 17,313,483 acres) is 43,181,183.22 acres, or 67,470 square miles.

Continental United States consists of 2,977,128 square miles, not including water area. The area acquired or in use for war training purposes is therefore 2.26 percent of the total area. To visualize more clearly the extent of this area, it comprises the States of Connecticut, Delaware, Maryland, Massachusetts, New Hampshire, New Jersey, Rhode Island, Vermont, and one-half of Maine.[1]

From the previous table it will be seen that 98 percent, or 42,098,475 acres of the total land acquired for war purposes has been purchased by the War Department and almost all of the remainder, or 949,371 acres, has been acquired by the Navy Department.

Of the total acquisitions for war purposes somewhat over 3,000,000 acres have had title pass to the Government; somewhat over 7,000,000 acres of private land are pending settlement. The rest is in the public domain or has been transferred or had special-use permits issued for its acquisition from other departments of the Government.

In addition a total of 20,868 parcels of land—such as city lots, buildings, etc.—have been acquired or are pending acquisition.

PUBLIC LAND WITHDRAWN IN CONNECTION WITH NATIONAL EMERGENCY

As of March 5, 1943, a total of 14,864,222 acres of land has been withdrawn from the public domain for war purposes. Of this, 13,364,222 acres are of published public record. Nevada, Arizona, Alaska, Utah, New Mexico, and California comprise the States and Territory from which most of this land has been taken.

The following tables make this clear:

TABLE X.—*Recapitulation, by States, of acreage of public lands withdrawn in connection with the national emergency[1] as of Mar. 5, 1943*

	Total area within withdrawal boundaries
Arizona:	
War Department	2, 109, 057
Defense Plant Corporation	898
Interior Department	5, 120
Total	2, 115, 075
California:	
War Department	950, 079
Navy Department	4, 635
Commerce Department	60
Defense Plant Corporation	7, 346
Interior Department	7, 280
Total	969, 400

[1] Department of Justice computation.

[1] See the following table:

Connecticut, square miles (land areas)	4, 899
Delaware, square miles (land areas)	1, 978
Maryland, square miles (land areas)	9, 887
Massachusetts, square miles (land areas)	7, 907
New Hampshire, square miles (land areas)	9, 024
New Jersey, square miles (land areas)	7, 532
Rhode Island, square miles (land areas)	1, 058
Vermont, square miles (land areas)	9, 278
One-half of Maine, square miles (land areas)	15, 520
Total	67, 073

TABLE X.—*Recapitulation, by States, of acreage of public lands withdrawn in connection with the national emergency as of Mar. 5, 1943*—Continued

	Total area within withdrawal boundaries
Colorado:	
War Department	262
Interior Department	115, 011
Total	115, 273
Florida:	
War Department	2, 340
Navy Department	(2)
Total	2, 340
Idaho:	
War Department	22, 885
Interior Department	(2)
Total	22, 885
Mississippi: War Department	40
Montana: War Department	11, 284
New Mexico:	
War Department	1, 284, 660
Interior Department	20
Total	1, 284, 680
Oklahoma: War Department	10
Nevada:	
War Department	4, 037, 654
Navy Department	20
Commerce Department	42
Interior Department	387, 036
Total	4, 424, 752
Oregon:	
War Department	151, 713
Commerce Department	60
Total	151, 773
South Dakota: War Department	11, 177
Utah:	
War Department	1, 994, 445
War Relocation Authority	18, 865
Commerce Department	418
Interior Department	6, 793
Total	2, 020, 521
Washington:	
War Department	109, 125
Navy Department	513
Total	109, 638
Wisconsin: War Department	40
Wyoming:	
War Department	1, 240
Interior Department	61, 082
Total	62, 322

[2] Indeterminate.

TABLE X.—*Recapitulation, by States, of acreage of public lands withdrawn in connection with the national emergency as of Mar. 5, 1943*—Continued

	Total area within withdrawal boundaries
Alaska:	
War Department	2,015,289
Navy Department	22,136
Commerce Department	25,587
Total	2,063,012
Grand total	13,364,222
Unpublished acres withdrawn	1,500,000
Grand total	14,864,222

The War Department is responsible for most of this use, there being just six departments and agencies to which transfers of land in the public domain have been made.

TABLE X (continued).—*Recapitulation by agency area of public lands withdrawn in connection with the national emergency* [1] *as of Mar. 5, 1943*

	Total area in acres within withdrawal boundaries
Agency:	
War Department	12,701,300
Navy Department	27,304
Defense Plant Corporation	8,244
War Relocation Authority	18,865
Commerce Department	26,167
Interior Department	582,342
Unpublished acres withdrawn	1,500,000
Grand total	14,864,222

[1] Department of Justice computation.

WAR DEPARTMENT LAND ACQUISITIONS

Since July 1, 1938, according to Department of Justice computations, the War Department has purchased, secured through donation, exchange, or condemnation a total of 2,847,650.87 acres of land. Translated into comprehensible figures, this amounts to an area over four times the size of Rhode Island. In addition to this, the total acreage acquisition pending under present condemnation or direct purchase proceedings amounts to 16,835,451.03 acres. Consequently, when this land is added to that previously secured the War Department will find itself with 19,683,101.90 acres on its hands. This encompasses an area larger than New Hampshire, Connecticut, Massachusetts, Rhode Island, and New Jersey combined. This total, it must be borne in mind, includes large areas transferred to the War Department from the public domain.

Not included in this is a total of 6,090 "parcels" of land—so designated because they include small items, such as city lots. The actual acreage of these plots is not given. A total of 2,376 such parcels are pending, bringing the number of parcels acquired or pending to 8,466.

The following table indicates the ever-increasing amount of land secured by the War Department in the last 5 years.

TABLE XI.—*Land acquired or pending by the War Department, 1939–43* [1]

Fiscal year	Acres	Cost of acres	Parcels	Cost of parcels	Cost of acres and parcels
1939	187,966.82	$4,730,046.31	311	$647,677.70	$5,377,724.01
1940	190,168.60	5,870,703.95	151	433,534.56	6,304,238.51
1941	582,173.06	31,308,265.30	293	2,151,761.00	33,460,026.30
1942	931,256.83	48,429,598.80	2,912	109,939,347.46	158,368,946.26
1943 [2]	956,085.56	76,331,908.66	2,273	9,410,333.57	85,742,242.23
Total	2,847,650.87	166,670,523.02	5,940	122,582,654.29	289,253,177.31
Pending and purchased Jan. 30 to Mar. 30, 1943	16,835,451.03	[3]	2,526	[3]	[3]
Grand total	19,683,101.90		8,466		

[1] Department of Justice computations.
[2] As of Jan. 30, 1943.
[3] Not available.

From this it will be seen that from about 187,000 acres closed in fiscal year 1939 the land acquisitions by the War Department have increased fivefold until in 7 months of the fiscal year 1943 the total rose to 956,000 acres. In 1939 the total cost was $5,377,724. This rose to $158,368,946 in 1942 and attained in the first 7 months of fiscal year 1943 a comparable total of $85,742,242.

Although estimates of future expenditures are at best but conjectures, the estimates for future acquisitions—that is, those matters pending condemnation or direct purchase—run into large figures. An estimate based on recent average costs indicate that future acquisitions, already proposed, will cost over one-half billion dollars.

Figures supplied by the War Department itself are for the fiscal years 1941, 1942, and the first 6 months of fiscal year 1943. Variations from Department of Justice figures (see appendix, table B) may be accounted for in some manner by difference in date of compilations in regard to approving purchases. These indicate that of about 18,845,230 acres of land authorized in this period, 17,308,636 acres have been acquired or are pending possession.

TABLE XII.—*Acquisitions of land* [1]

Acres authorized	18,845,230.44
Acres optioned, 1941–43	2,041,519.90
Acres condemned (declaration of taking)	2,223,415.48
Acres condemned (War Powers Act)	1,391,694.60
Acres transferred or donated	10,918,532.78
Granted by right of entry	733,473.67
Total acreage	17,308,636.43

[1] War Department compilations. Includes pending projects, partial possession projects, total possession projects, completed projects.

As of October 1943, the emergency construction, real-estate acquisitions, and maintenance program of the Army of the United States represented an outlay of about $11,000,000,000. Since June 1940, nearly 15,000 separate construction projects have been undertaken of which over 13,500 are now in use. Real estate, purchased or leased for war purposes, has cost about $370,000,000. Posts, camps, and stations occupy an area of 14,500 square miles—equivalent to the

combined areas of Massachusetts, Rhode Island, and Connecticut. Floor space in buildings constructed since June 1940 totals 1,800,000,000 square feet.

NAVY DEPARTMENT LAND ACQUISITIONS

Land purchased by the Navy Department according to figures submitted by the Navy Department totals 908,573 acres during the period July 1, 1940, and April 30, 1943. The actual total cost of these purchases cannot be estimated because 9,241 of the 19,104 tracts are as yet open, full payment not having been completed. However, the total cost of this acquisition to date is $115,719,655.82.

The Federal Works Agency reports the Navy Department as having a total acreage as of June 30, 1940, of 499,961 acres costing $513,741,255. Consequently the total acreage, with improvements, owned by the Navy Department is 1,408,534 and has cost to date $629,460,910.

In addition to the above, the Navy Department stated that it has leased 3,073,969 acres since July 1, 1942, at a cost of $727,594.55 plus damages paid amounting to $182,839.79. Space rented in buildings amounts to 4,639,901 square feet for a cost of $5,576,647.39. Quarters rented on a per person basis amount to $1,004,839.12.

OTHER LAND ACQUISITIONS

According to figures submitted to the committee, the Federal Works Agency has purchased 27,064.33 acres at a cost of $7,128,587 in the period from January 1, 1942, to December 31, 1942. The majority of this land was purchased for "war public works" projects although some was purchased for access roads and flight strips. There were 61 of these purchases, 10 being specifically labeled as building sites.

Acquisition of land by the National Housing Administration between February 24, 1943, and March 1, 1943, indicates a total of 36,743 acres at an estimated cost of $12,535,278.

BUILDING SITES ACQUIRED AND PROPOSED BY STATES

Large purchases and pending acquisitions for building sites are found principally in West Virginia, although the largest costs have been or will be divided among Illinois, Massachusetts, Florida, and the District of Columbia:

TABLE XIII.—*Report of land purchases and proposed purchases (including condemnations) for building sites, by States, Jan. 1, 1942, to June 30, 1943**

[Based on reports submitted by agencies concerned]

Location	Purchases Jan. 1 to Dec. 31, 1942		Proposed purchases Jan. 1 to June 30, 1943	
	Square feet	Cost	Square feet	Cost
Alabama	42,261,200	$278,000		
Arkansas	147,233	143,000		
California	16,170,114	988,000		
Colorado	1,742,400	19,000		
Connecticut	3,466,069	190,000	675,180	$66,000
District of Columbia	553,220	1,079,000	63,283	126,000
Florida			1,182,560	5,000
Illinois	10,993,531	2,988,000		
Indiana	6,610,230	87,000		
Kentucky	4,967,582	57,000		
Maine			370,260	1,000
Maryland	6,887,707	236,000		
Massachusetts	12,459,752	187,000	1,534,083	125,000
Michigan	1,596,675	62,000	261,360	5,000
Mississippi	6,572,333	47,000		
Missouri	174,240	108,000		
Montana	26,000	5,000		
New Jersey	2,128,472	691,000	875,368	7,000
New Mexico	187,308	1,000		
New York	7,031,417	948,000		
North Carolina	53,300	275,000	97,061	25,000
Ohio	4,519,624	32,000		
Oregon			20,909	(1)
Pennsylvania	626,803	213,000		
South Carolina			200,000	5,000
Texas	11,664,061	192,000	126,324	(1)
Vermont			27,442	15,000
Virginia	4,323,578	341,000	87,120	16,000
Washington			601,781	43,000
West Virginia	289,497,582	713,000		
Wisconsin	6,805,379	486,000	100,000	3,000
Wyoming			48,787	8,000
Total	441,465,810	10,366,000	6,271,518	450,000

*Bureau of the Budget computations.

[1] Less than $500.

BUILDING SITES ACQUIRED AND PROPOSED BY AGENCY

In this respect, as might be expected, the War Department is by far the largest dealer in real estate, with the Federal Works Agency and the Navy Department procuring most of the remainder:

TABLE XIV.—*Report of land purchases and proposed purchases (including condemnations) for building sites, by agency, Jan. 1, 1942, to June 30, 1943* [1]

[Based on reports submitted by agencies concerned]

Department or establishment	Purchases, Jan. 1 to Dec. 31, 1942		Proposed purchases, Jan. 1 to June 30, 1943	
	Square feet	Cost	Square feet	Cost
Department of Agriculture: Forest Service	26,000	$5,000		
Department of Commerce: National Bureau of Standards	3,510	1,000		
Department of the Interior: Bureau of Mines			440,827	$48,000
Department of Justice: Immigration and Naturalization Service	217,800	5,000		
Navy Department: Coast Guard	3,591,093	551,000	5,767,408	276,000
War Department: Real Estate Branch	429,659,231	6,085,000		
District of Columbia	419,822	208,000	63,283	126,000
Federal Works Agency: Public Buildings Administration	7,357,558	2,782,000		
Reconstruction Finance Corporation	8,154	98,000		
Metals Reserve Company	157,140	425,000		
RFC Mortgage Company	25,502	206,000		
Total, Reconstruction Finance Corporation and subsidiaries	190,796	729,000		
Total	441,465,810	10,366,000	6,271,518	450,000

[1] Bureau of the Budget computations.

HOTELS PURCHASED

The War and Navy Departments have purchased 14 hotels at an estimated cost of about $15,000,000 during the present emergency. The War Department has purchased 12 of these, containing 6,943 rooms, at a purchase price (or an appraised price) of $13,000,000 for 10 of these. Following is the list:

TABLE XV.—*Hotels purchased by War Department*

	Rooms	Purchase or appraised price [1]
Stevens, Chicago	3,300	$5,528,101
Miami-Biltmore, Miami Beach	400	895,000
Nautilus, Miami Beach	200	600,000
Don-Ce-Sar, St. Petersburg	263	440,000
El Mirado, Palm Springs, Calif	150	425,000
Greenbrier, White Sulphur Springs, W. Va	700	3,300,000
Forest Hills, Augusta, Ga	300	[1] 400,000
Eastman, Hot Springs	500	510,000
Chicago Beach, Chicago, Ill	600	[1] 900,000
Shark River, Neptune, N. J	47	30,510
Vista-del-Aroyo, Pasadena, Calif	409	[2]
Casa Loma, Coral Gables, Fla	74	[3]
Total	6,943	[4] 13,028,611

[1] Appraised value.
[2] Filed condemnation and occupancy proceedings. Deposit $450,000 with declaration of taking.
[3] Negotiation being made for lease.
[4] Does not include last 2 items.
[5] Net cost after furniture was sold for $583,150.78.

The Stevens Hotel in Chicago was purchased by the War Department in December 1942 for $5,528,101. At that time the committee protested against the unnecessary cost to the Government of the purchase. Later, in September 1943, the hotel was sold for $5,251,000. The committee believe that purchases of hotels should not be countenanced until all other methods of acquisition of property are exhausted, since such purchases may frequently be financially unsound as well as dangerous to the economic stability of the communities involved.

The Navy Department has purchased two hotels: The Norconian, Norco, Calif., $850,000, and the Chamberlin, Old Point Comfort, Va., $500,000, for a total of $1,350,000.

In addition, the Federal Public Housing Agency has acquired fee simple title to one hotel, the Three Toms Tavern, Thomasville, Ga., at a price of $75,000. The hotel has accommodations for 130 guests and will be expanded to accommodate 250. The original cost was $284,000; Government appraisals averaged $166,000.

HOTELS AND COTTAGES LEASED

The War Department has been paying $11,249,011 annual rental for 545 hotels and cottages containing over 43,088 rooms with a capacity for over 128,917 men. The following table indicates these acquisitions by cities:

TABLE XVI.—*Hotels leased by War Department*

Place	Number hotels	Number rooms	Capacity	Annual rent	Appraised value
Atlantic City	47	10,689	31,285	$4,125,692	$36,407,950
St. Petersburg	85	6,236	15,413	891,604	7,042,480
Daytona Beach	47	2,092	5,320	311,620	3,111,200
Miami Beach	347	23,460	74,976	5,743,495	49,149,509
Camden, S. C	1			33,600	[1]
Seattle, Wash	3	[2] 424	[2] 654		
Grand Rapids	2				
Wildwood, N. J	1			6,500	
Boston	1				
Des Moines	3	684	2,143	135,000	1,043,600
Bradley Beach	1				
Portland, Maine	1				
Harrisburg	1				
Tocoa, Ga	1			1,500	[1]
Chicago	1				
Soda Springs, Calif	1		114	[3]	
Oakland, Calif	1	410	877	[3]	
Kansas City, Mo	1	75	205	[3]	
	545	44,070	130,987	11,249,011	

[1] Withheld.
[2] For 2 hotels only.
[3] Condemnation proceedings.

The Navy Department has leased an estimated total of 42 hotels at an approximate rental of $2,560,324.33. This does not include 69 hotels leased by the Coast Guard for $477,378 annual rental.

Three hotels have been leased between February 24, 1942, and May 1, 1943, by the Federal Public Housing Authority. One of these has since been canceled. Annual rentals total $13,500.

NEED FOR CENTRALIZED CONTROL

The Comptroller General of the United States, recognizing the anomalous situation which now exists regarding information on Federal land acquisition, recently indicated in a letter to the President of the Senate that no uniform method of acquisition, disposal, and recording of Federal real estate holdings is now extant. The 60-odd Federal establishments are all on a parity as to administrative control and responsibility, each functioning in its own separate sphere, yet none equipped to assemble and correlate the information on new land and property requirements, surplus property disposition, future utilization, and the custody of the greatly expanded Federal holdings.

Specifically, the Comptroller General states:

> There is at the present time no satisfactory uniform control, administrative or otherwise, over the performance of the operational steps in the acquisition and disposition of real property for the uses and purposes of the United States and its various agencies, nor has any satisfactory procedure been established for the compilation of records whereby adequate administrative control could be effected.
>
> While various attempts have been made in the direction of establishing logical acquisition and planning measures, and of effecting more adequate accounting control, there is still no central depository or record from which the factual situation as to real property holdings can be reflected so that new acquisition and disposition requirements can be met to the best advantage of the Government.[1]

The Joint Committee on Reduction of Nonessential Federal Expenditures in preparing this present report has been reminded only

[1] Congressional Record, vol. 89, No. 156, p. 8586.

too forcibly as to the truth of this statement inasmuch as it was impossible to ascertain the extent of present Federal land holdings except by going directly to the individual agencies. In addition, no information on future programs for land acquisition is generally available, as attested by the statement of the Assistant Attorney General of the Lands Division, Department of Justice, who, at a hearing before the committee, indicated that data respecting proposed land purchases may be secured only through the records of the agencies involved.

It is the opinion of the Comptroller General that there should be established in the General Land Office of the Department of the Interior the necessary facilities providing for the acquisition, abstracting, titling, recording, and disposition of Federally owned and controlled lands since much of the machinery and personnel needed for this centralization is already a part of the General Land Office. In the interest of both efficiency and economy, the Joint Committee on Reduction of Nonessential Federal Expenditures believes that such a central unit should be established in whatever agency of the Government the Congress may decide.

THE RELATION OF FEDERAL OWNERSHIP OF LAND TO STATE AND LOCAL TAXATION

Because of the recent large-scale acquisition of real estate by the Federal Government, its bearing on State and local taxation has received widespread recognition. Obviously, directly as the Federal Government acquires more real estate, the amount of taxable property in the various States diminishes and the burden on the taxpayer in the particular locale becomes greater.

The President of the United States in 1935 established the Committee of the National Emergency Council to study the relationship of Federal ownership of real estate on State and local taxation. The committee made its report (H. Doc. No. 111, 76th Cong., 1st sess.) in January 1939, covering data to June 30, 1937. A further study, with revisions, was completed in May 1943 (H. Doc. No. 216, 78th Cong., 1st sess.). Partial reproduction of the findings of this committee, together with additional material, will be found in appendix table C. The following discussion is based in large measure on the findings of the Federal Real Estate Board and the Committee of the National Emergency Council but in no way necessarily represents the opinions of those groups. All references are to appendix table C unless otherwise noted.

Total acreage of Federal real estate as of June 30, 1937, was 394,657,721 acres. Of this amount about 50,592,542 acres actually are under Indian ownership and should be deducted from the total. Thus a summary of Federal real estate and Indian holdings during the past 6 years includes the following:

TABLE XVII.—*Growth of nontaxable property*

Year	Federal ownership	Indian ownership	Total
	Acres	*Acres*	*Acres*
June 30, 1937	344, 065, 179	50, 592, 542	394, 657, 721
June 30, 1940	368, 816, 289	[1] 50, 592, 542	419, 408, 831
June 30, 1943 [2]	384, 519, 556	50, 592, 542	[2] 435, 112, 098

[1] Based on June 30, 1937, figures.
[2] Includes acquisitions pending.

In 6 years the land area under Federal ownership has increased 11 percent. Land under Federal ownership is now 20.2 percent of total continental United States, not including the 2.6 percent of the land under Indian control.[3] The total cost of improvements on Federal real estate runs to over 91 percent of the total, or $5,625,000,000 of $6,184,000,000, the remainder representing initial acquisition cost. The estimated assessed value of this property, with no uniformity throughout the States, runs to roughly $3,282,914,494 or half of this cost with a fair market value of $4,696,061,638 or three-quarters the cost.

The estimated tax levy on Federal real estate, based on local 1937 rates, would have been about $91,000,000, of which over 50 percent would have been allocated to the District of Columbia, New York, California, Arizona, Montana, Massachusetts, Nevada, Pennsylvania, Washington, and Illinois.

Federal aid to States for the 10-year period between 1928 and 1937 totaled about 8½ billion dollars, of which not quite 3 billion was for aid other than that provided by the Federal Emergency Relief Administration, the Civil Works Administration, and the Works Progress Administration, which may be construed as temporary emergency measures.

Included in this aid, according to the committee, were the following projects:

Agriculture: Experiment stations, extension work, forest funds, and highways.
Interior: Colleges, Mineral Leasing Act, special funds, vocational education, education, reclamation.
Labor: Employment service.
Navy: State marine schools.
Treasury: Education of blind.
War: National Guard.
Independent Offices: Federal water power, homes for soldiers and sailors, Federal Emergency Relief Administration, Civil Works Administration, Works Progress Administration, Public Works Administration, Social Security Act and Tennessee Valley Authority.

The annual aid rendered to States excluding emergency aid (Federal Emergency Relief Administration, Civil Works Administration, and Works Progress Administration), increased considerably during the period. From 1928 to 1930 the average annual aid was about $146,000,000. From 1931 to 1933 this average increased to $238,000,000 and from 1934 to 1937 the average aid doubled to $484,000,000. In addition to this, the average annual aid for 1934–37 for Works Progress Administration, Federal Emergency Relief Administration, and Civil Works Administration was $1,705,155,000.

(*1*) *Federal aid in relation to fair market value of Federally owned property.*

As seen in appendix table C, for the years 1928–37 and including emergency aid, it will be found that 12 States received aid amounting to no more than 10 percent of the fair market value; that 5 States received from 10 to 20 percent of the fair market value; that 10 received from 20 to 30 percent of the fair market value; that 6 received from 30 to 40 percent of the fair market value; that 9 received from 40 to 50 percent of the fair market value; that 5 States received from 50 to 60 percent; that 1 State received from 60 to 70 percent

[3] Since the 1937 figures included this Indian land as part of that belonging to the United States, in the following discussion it will be understood to be included. As it is tax-free, it will not greatly distort the figures.

and that 1 State received more than that. States receiving the most aid in relation to fair market value of Federal real estate are as follows: Indiana, 75.7 percent; Wisconsin, 60.1 percent; Mississippi, 57.6 percent; Ohio, 57.2 percent; Missouri, 55.7 percent. The District of Columbia received only 1.5 percent of the fair market value in Federal aid. States with low percentages of aid in relation to fair market values are Nevada, 2.2 percent; Arizona, 2.7 percent; Montana, 5.0 percent; Idaho, 5.7 percent.

For the same period, and excluding Federal emergency aid, appendix table C shows that 15 States received aid amounting to no more than 5 percent; 9 States from 5 to 10 percent; 9 States from 10 to 15 percent; 10 States from 15 to 20 percent; 3 States from 20 to 25 percent; and 3 States from 25 to 30 percent. States receiving the most Federal aid in relation to the fair market value are Mississippi with 26.5 percent; Iowa with 26.3 percent; Indiana with 26 percent; Arkansas with 21.5 percent; Missouri with 20.5 percent. The District of Columbia showed a relationship of 1.1 percent of Federal aid. States receiving almost as low a percentage of Federal aid are Arizona with 1.5 percent; Nevada with 1.7 percent; Washington with 2.7 percent; and Montana with 2.7 percent.

(2) Federal aid in relation to population.

Including emergency aid, appendix table C shows that the average annual assistance to States paid by the Federal Government for the years 1928–37 was $857,985,000. The per capita aid annually ranges from Virginia's low of $3.99 to Nevada's high of $34.23. States receiving unusually high per capita aid are Nevada, $34.23; the District of Columbia, $22.48; Wyoming, $22.21; New Mexico, $14.91; Montana, $16.56; Arizona, $13.82; South Dakota, $13.71; Idaho, $12.41; North Dakota, $12.52; Utah, $11.79; Colorado, $11.51. Most of these States, it will be observed, contain large tracts of public domain and are sparsely populated. Those States receiving the least Federal aid, when emergency aid is included, are North Carolina, $3.77; Virginia, $3.99; Kentucky, $4.52; Tennessee, $4.59; and Georgia $4.84. Four States received on an average of from $3.99 to $4.99 annually per capita; 20 States from $5 to $6.99; 13 from $7 to $9.99; 7 from $11 to $14.99; 2 from $16 to $17.99 and three over $20.

Excluding emergency aid, appendix table C shows that the average annual aid to States paid by the Federal Government for the years 1928–37 was $289,600,000, or almost $3,000,000,000 in the 10-year period. The District of Columbia received an average of $16.22 per capita annually. States receiving highest per capita aid are as follows: Nevada, $25.81; Wyoming, $15.64; Nebraska, $15.29; Montana, $8.94; New Mexico, $8.29. Those States receiving the lowest per capita aid are as follows: New Jersey, $1.25; Pennsylvania, $1.40; New York, $1.64; Massachusetts, $1.71; West Virginia, $1.70. Thirty States received less than $3; 9 received from $3 to $4.99; 7 received from $5 to $8.99; and three received from $15 to $16.99.

(3) Federal aid in relation to economic ability of States.

Table D [4] in the appendix shows the index of State economic ability [5] to revenue load, Federal aid, and public debt. With the United States

[4] Appendix D is compiled from a report by Dr. Wylie Kilpatrick for the Bureau of the Census in Financing Federal, State and Local Governments: 1941, U. S. Department of Commerce, Bureau of the Census, Special Study No. 20 finial, September 1942.

[5] Economic ability is computed on a basis of economic income, output of industries, and retail sales on a per capita basis and then averaged.

as a whole accepted on an index basis of 100, the following States might be States to receive the most aid: Nevada, 225; Wyoming, 217; Nebraska, 214; New Mexico, 206; South Carolina, 204; Oklahoma, 196; Colorado, 195; Mississippi, 197; Utah, 191; South Dakota, 187; Arizona, 178; District of Columbia, 172; Montana, 173.

Those States receiving the least aid proportionably to their economic ability are New Jersey, 63; Connecticut, 68; New York, 70; Michigan, 73; Maryland, 76; Virginia, 80; Illinois, 81; Maine, 84; Ohio, 85; Wisconsin, 86; Rhode Island, 88; Massachusetts, 88.

Dr. Wylie Kilpatrick, under whose supervision the original of appendix table D was compiled, states:

> No fair interpretation of the Federal-aid system would conclude that assistance is intentionally distributed to favor or to discriminate against either the rich or poor States. Rather the conclusion is warranted that the system is haphazard in operation so that distributive justice is achieved by accident or is missed in the same way. For example, the State with the highest economic ability, Nevada, also has the highest index of Federal aid. This combination is perhaps the fortuitous result of many Federal aids working blindly together.
>
> Similar incongruities mark Federal and State aid to local governments. Indexes of high ability and low Federal aid may be accompanied, as in New York and Ohio, by large State aid to localities, constituting a normal series of indexes. The three factors of ability, Federal aid, and State aid are often combined diversely without logic.

Table E in the appendix reveals the following: The New England States are very high in economic ability, moderate in their revenue load, low in Federal aid received, and low in debt load. The Middle Atlantic States are very high in economic ability, have the highest national revenue load per capita, receive the least Federal support, and have by far the largest debt. The East North Central States are very high in economic ability, have a low revenue load, low aid, and a low debt. The West North Central States are below average in economic ability, have a moderately low revenue load, a high amount of aid, and a very low debt. The South Atlantic States have a very low economic ability, a moderately low tax load, an above average amount of Federal aid, and an average debt. The East South Central States, lowest in economic ability, have a low tax load, a high amount of aid and a below average debt load. The West South Central States, low in economic ability, and moderately low in tax load, are high in Federal aid, and slightly above average in debt load. The Mountain States have an average economic ability, a moderately low revenue load, by far the largest amount of aid, and a low debt. The Pacific States have the highest economic ability, a moderate revenue load, a high index of Federal aid, and a slightly above average debt.

CONCLUSIONS

The committee has watched with apprehension the alarming increase in land acquisition in the last few years. While the committee recognizes that much of this acquisition has been for purposes connected with the national emergency, it nevertheless finds that excessive amounts of land have been purchased by the Government since 1938.

The committee further finds that there has been a growing concern in many States which have experienced the loss of large amounts of taxable property to the Federal Government. Naturally, as the Government acquires more and more property, the tax load on the local

taxpayers directly increases. This anomalous situation is further complicated by the fear, expressed in many States, of the post-war effect that the probable dumping of large tracts and parcels will have on local real-estate values.

Consequently the committee expects that Federal agencies contemplating Federal acquisitions should curtail such plans as far as possible. Such acquisitions should be effected only after the possibility of using available Federal holdings is exhausted and after the long-range effect on States and municipalities concerned with such acquisitions has been studied.

The committee further finds that no uniform procedure for land and parcel valuation is now in practice. Consequently a wide disparity in appraisal values and purchase prices are possible under such a decentralized method.

RECOMMENDATIONS

The committee recommends—

1. That the Government agencies begin immediately to liquidate surplus holdings in land and real estate which are not needed for Federal activities.

2. That consideration be given to the feasibility of assigning the operational functions of appraising, acquiring, abstracting, recording, and disposing of all real estate owned and controlled by the Federal Government to a central unit in an already existing Government agency in order to reduce inequity, lack of uniformity, duplication, and waste of funds in connection with Government acquisitions and disposition of real property.

3. That this unit shall be a part of already existing Government machinery.

[Due to the illness of Senator Robert M. La Follette, Jr., he was unable to join in the presentation of this report, therefore it does not necessarily represent his views.]

APPENDIX

TABLE A.—*Parcel acquisition: June 30, 1940–Jan. 30, 1943* [1]

Establishment	Number of parcels acquired	Cost of parcels acquired	Total cost of acreage and parcels to Jan. 30, 1943
Department of Agriculture	78	$8,970	$116,026,072
Department of Commerce	2	10	2,768,045
Department of Interior	514	2,843,179	111,546,711
Department of Justice	5	23,140	2,046,410
Navy Department	914	10,776,019	54,097,680
Post Office Department			139,988,647
Department of State	57		585,799
Treasury Department	32	159,273	5,034,103
War Department	5,478	121,501,442	397,375,521
National Capital Housing Authority			1,081,400
Architect of the Capitol			17,269,166
Federal Communications Commission	9	20,392	81,313
Federal Reserve Board			737,180
Federal Security Agency			3,999,840
Federal Works Agency	657	7,250,182	92,395,863
Government Printing Office			5,658,736
Home Owners' Loan Corporation			1,141,500
National Advisory Committee for Aeronautics			20,500
Red Cross			357,634
Smithsonian Institution			276,561
Soldiers' Home			326,193
Tennessee Valley Authority			61,168,451
U. S. Maritime Commission	97	368,963	5,237,666
Veterans' Administration			12,066,207
Reconstruction Finance Corporation	24	278,617	704,459
National Housing Agency	365	1,035,246	2,149,923
District of Columbia	530	687,444	712,179
Total	8,762	144,952,877	1,034,853,759

[1] Department of Justice computations.

TABLE B.—*Land acquired by War Department* [1]

	Acres	Cost of acres	Parcels	Cost of parcels	Cost of acres and parcels
Closed, fiscal 1939:					
Purchased	124,173.44	$2,343,655.48	74	$420,472.20	$2,764,127.68
Donated	547.34		17		
Exchanged	60.00				
Condemned	63,186.04	2,386,390.83	220	227,205.50	2,613,596.33
Total	187,966.82	4,730,046.31	311	647,677.70	5,377,724.01
Closed, fiscal 1940:					
Purchased	57,077.08	2,849,812.61	20	293,321.46	3,143,134.07
Donated	13,088.76		7		
Exchanged	37.56		1		
Condemned	119,965.20	3,020,891.34	123	140,213.10	3,161,104.44
Total	190,168.60	5,870,703.95	151	433,534.56	6,304,238.51
Closed, fiscal 1941:					
Purchased	414,518.76	27,315,953.94	160	1,890,891.09	29,206,845.03
Donated	41,360.90		21		
Exchanged	88.54		2		
Condemned	126,204.86	3,992,311.36	110	260,869.91	4,253,181.27
Total	582,173.06	31,308,265.30	293	2,151,761.00	33,460,026.30

[1] Department of Justice computations.

TABLE B.—*Land acquired by War Department*—Continued

	Acres	Cost of acres	Parcels	Cost of parcels	Cost of acres and parcels
Closed, fiscal 1942:					
Purchased	586,016.07	$38,568,336.44	958	$106,685,506.91	$145,253,843.35
Donated	112,573.80		28		
Exchanged					
Condemned	232,666.96	9,861,262.36	1,926	3,253,840.55	13,115,102.91
Total	931,256.83	48,429,598.80	2,912	109,939,347.46	158,368,946.26
Closed, fiscal 1943:					
Purchased	754,890.34	69,526,234.15	983	6,029,531.59	75,555,765.74
Donated			51		
Exchanged					
Condemned	201,195.22	6,805,674.51	1,239	3,380,801.98	10,186,476.49
Total	956,085.56	76,331,908.66	2,273	9,410,333.57	85,742,242.23
Total land closed, fiscal 1939 to 1943:					
Purchased	1,936,675.69	140,603,992.62	2,195	115,319,723.25	255,923,715.87
Donated	167,570.80		124		
Exchanged	186.10		3		
Condemned	743,218.28	26,066,530.40	3,618	7,262,931.04	33,329,461.44
Total	2,847,650.87	166,670,523.02	5,940	122,582,654.29	289,253,177.31

TABLE C.—*Relationship of Federal aid to population and to fair market value*

State	Amount of Federal land in acres as of June 30, 1937 [1]	Total cost of Federal real estate and improvements as of June 30, 1937 [1]	Estimated fair market value of Federal real estate and improvements [1]	Estimated tax levy if applied to Federal real estate [1]	Average annual aid to States, 1928–37, including Work Projects Administration, Civil Works Administration, and Federal Emergency Relief Administration [1]	Average annual aid to States, 1928–37, excluding Work Projects Administration, Civil Works Administration, and Federal Emergency Relief Administration [1]	Per capita Federal aid to States, including Work Projects Administration, Civil Works Administration, and Federal Emergency Relief Administration (1928–37)	Per capita Federal aid to States, excluding Work Projects Administration, Civil Works Administration, and Federal Emergency Relief Administration (1928–37)	Percentage of Federal aid to States in relation to fair market value, including Work Projects Administration, Civil Works Administration, and Federal Emergency Relief Administration (1928–37)	Percentage of Federal aid to States in relation to fair market value, excluding Work Projects Administration, Civil Works Administration, and Federal Emergency Relief Administration (1928–37)
Alabama	1,955,835	$257,899,665	$93,412,290	$1,296,954	$13,759,000	$5,469,000	$5.19	$2.06	14.7	5.9
Arizona	45,948,143	144,224,995	227,126,182	5,034,463	6,023,000	3,295,000	13.82	7.56	2.7	1.5
Arkansas	2,310,159	105,301,648	21,174,594	366,961	11,567,000	4,563,000	6.23	2.46	54.6	21.5
California	39,317,623	373,060,397	438,771,002	6,476,040	44,015,000	13,860,000	7.75	2.44	10.0	3.2
Colorado	22,119,158	46,772,913	100,203,912	1,885,525	11,928,000	4,982,000	11.51	4.80	11.9	5.0
Connecticut	6,752	32,159,024	18,489,456	460,182	8,566,000	3,064,000	5.33	1.90	46.3	17.0
Delaware	17,275	52,345,025	14,340,492	77,979	1,700,000	1,222,000	7.13	5.12	11.9	8.5
District of Columbia	10,386	451,793,188	703,626,328	10,569,981	10,947,000	7,900,000	22.48	16.22	1.5	1.1
Florida	1,381,424	106,102,409	34,459,964	1,008,942	11,347,000	3,700,000	7.72	2.52	32.9	10.7
Georgia	1,408,796	100,262,038	46,440,930	867,169	14,091,000	5,407,000	4.84	1.85	30.3	11.6
Idaho	30,976,123	56,420,687	96,607,060	1,979,476	5,526,000	2,978,000	12.41	6.69	5.7	3.1
Illinois	123,522	220,531,980	119,561,151	3,094,831	52,934,000	14,174,000	6.93	1.85	44.3	11.9
Indiana	84,742	58,907,032	27,745,849	584,037	20,993,000	7,212,000	6.48	2.22	75.7	26.0
Iowa	35,632	59,025,576	25,676,699	657,410	12,599,000	6,873,000	5.09	2.78	49.1	26.3
Kansas	90,433	50,749,987	42,448,129	837,715	14,323,000	6,400,000	7.61	3.40	33.7	15.1
Kentucky	484,067	110,012,850	49,516,572	659,222	11,828,000	4,934,000	4.52	1.88	23.9	9.9
Louisiana	606,443	221,701,539	44,610,450	1,319,842	12,008,000	3,614,000	5.71	1.71	26.9	8.1
Maine	79,983	43,545,280	23,270,843	644,269	4,721,000	2,409,000	5.92	3.00	20.3	10.4
Maryland	121,059	132,929,996	98,532,418	1,535,094	8,851,000	3,360,000	5.42	2.06	9.0	3.4
Massachusetts	12,848	187,566,862	154,288,647	4,110,311	32,017,000	7,279,000	7.53	1.71	20.8	4.7
Michigan	1,697,643	136,774,004	67,535,999	1,195,170	30,003,000	8,637,000	6.19	1.78	44.4	12.8
Minnesota	3,389,959	75,719,701	42,403,995	1,006,094	21,160,000	7,547,000	8.25	2.94	49.9	17.8
Mississippi	1,029,610	68,533,886	17,883,644	490,053	10,294,000	4,743,000	5.12	2.36	57.6	26.5
Missouri	975,710	235,982,415	41,127,323	881,735	22,921,000	8,425,000	6.31	2.32	55.7	20.5
Montana	31,768,681	150,926,450	179,730,271	4,792,689	8,907,000	4,807,000	16.56	8.94	5.0	2.7
Nebraska	453,615	39,919,399	23,884,647	777,326	10,543,000	5,628,000	7.65	4.08	44.1	23.6
Nevada	58,106,169	73,547,982	140,996,850	3,638,419	3,117,000	2,351,000	34.23	25.81	2.2	1.7

See footnote at end of table.

TABLE C[1].—*Relationship of Federal aid to population and to fair market value*—Continued

State	Amount of Federal land in acres as of June 30, 1937	Total cost of Federal real estate and improvements as of June 30, 1937	Estimated fair market value of Federal real estate and improvements	Estimated tax levy if applied to Federal real estate [1]	Average annual aid to States, 1928–37, including Work Projects Administration, Civil Works Administration, and Federal Emergency Relief Administration	Average annual aid to States, 1928–37, excluding Work Projects Administration, Civil Works Administration, and Federal Emergency Relief Administration	Per capita Federal aid to States, including Work Projects Administration, Civil Works Administration, and Federal Emergency Relief Administration (1928–37)	Per capita Federal aid to States, excluding Work Projects Administration, Civil Works Administration, and Federal Emergency Relief Administration (1928–37)	Percentage of Federal aid to States in relation to fair market value, including Work Projects Administration, Civil Works Administration, and Federal Emergency Relief Administration (1928–37)	Percentage of Federal aid to States in relation to fair market value, excluding Work Projects Administration, Civil Works Administration, and Federal Emergency Relief Administration (1928–37)
New Hampshire	652,404	$11,403,065	$11,760,663	$279,419	$3,061,000	$1,483,000	$6.57	$3.18	26.0	12.6
New Jersey	24,175	157,209,214	99,455,110	2,902,265	24,776,000	5,082,000	6.13	1.25	24.9	5.1
New Mexico	27,696,186	50,433,163	70,892,510	945,473	6,314,000	3,513,000	14.91	8.29	8.9	4.9
New York	160,467	460,429,348	361,222,055	8,856,242	106,535,000	20,718,000	8.46	1.64	29.5	5.7
North Carolina	1,290,072	80,936,609	43,483,001	525,882	11,976,000	5,741,000	3.77	1.81	27.5	13.2
North Dakota	1,764,668	11,580,322	20,043,375	473,804	8,527,000	3,215,000	12.52	4.72	42.5	16.0
Ohio	69,847	177,722,317	86,334,550	1,343,889	49,422,000	12,145,000	7.43	1.82	57.2	14.1
Oklahoma	2,808,815	34,173,393	57,618,233	903,880	16,443,000	6,417,000	6.86	2.67	28.5	11.1
Oregon	28,327,347	135,706,885	134,660,117	2,332,678	8,707,000	4,751,000	9.12	4.98	4.6	3.5
Pennsylvania	594,795	279,403,758	152,661,206	3,338,730	69,233,000	13,560,000	7.18	1.40	45.3	8.9
Rhode Island	2,179	28,751,894	10,505,335	218,556	3,920,000	1,842,000	5.70	2.68	37.3	17.5
South Carolina	673,265	70,725,580	19,844,496	321,301	9,018,000	3,546,000	5.18	2.03	45.4	17.9
South Dakota	7,936,163	24,192,785	47,108,672	1,299,441	9,505,000	3,428,000	13.71	4.94	20.2	7.3
Tennessee	997,169	140,007,987	61,676,455	856,858	12,006,000	5,307,000	4.59	2.02	19.5	8.6
Texas	725,266	184,376,642	86,766,464	1,580,651	32,047,000	16,107,000	5.50	2.76	36.9	18.6
Utah	31,794,499	33,361,596	74,906,215	1,208,905	5,989,000	2,866,000	11.79	5.64	8.0	3.8
Vermont	146,363	13,811,666	6,949,280	118,637	2,201,000	1,279,000	6.12	3.55	31.7	18.4
Virginia	1,345,393	245,296,304	125,135,940	1,582,312	9,677,000	4,809,000	3.99	1.98	7.7	3.8
Washington	13,807,679	197,773,159	187,674,727	3,087,794	12,617,000	5,101,000	8.07	3.26	6.7	2.7
West Virginia	842,281	105,696,646	22,673,631	275,491	11,453,000	2,949,000	6.62	1.70	50.5	13.0
Wisconsin	1,816,402	99,606,396	38,002,135	865,420	22,858,000	7,378,000	7.77	2.51	60.1	19.4
Wyoming	26,670,496	49,066,260	82,821,771	1,485,857	5,012,000	3,530,000	22.21	15.64	6.1	4.3
United States	[2] 394,657,721	6,184,381,917	4,696,061,638	91,051,374	857,985,000	289,600,000	6.98	2.35	18.2	6.1

[1] Compiled by the Committee of the National Emergency Council. See Federal Ownership of Real Estate and its Bearing on State and Local Taxation, H. Doc. 111, 76th Cong., 1st sess.

[2] Includes 50,592,542 acres under Indian ownership.

TABLE D.—*Index of State economic ability to revenue load, Federal aid, and public debt* [1]

	Index of economic ability—Average rank [2]	Total State and local revenue, 1941 (except fiscal aid)			Federal aid to States and localities, 1941			State and local public gross debt, 1940		
		Per capita	Rank of revenue [3]	Index of revenue load [4]	Per capita	Rank of Federal aid [5]	Index of aid [6]	Per capita	Rank of debt [7]	Index of debt load [8]
United States	100	$77.57	100	100	$6.38	100	100	$153.61	100	100
Alabama	49	42.77	55	112	4.43	69	141	75.21	49	100
Arizona	93	81.97	106	114	10.61	166	178	153.42	100	107
Arkansas	47	30.78	40	85	4.52	71	151	109.89	72	153
California	130	107.55	139	107	9.58	150	115	222.76	145	112
Colorado	98	81.27	105	107	12.21	191	195	142.44	93	95
Connecticut	144	105.11	135	94	6.24	98	68	118.16	77	53
Delaware	129	73.03	94	73	7.52	118	91	102.18	66	51
District of Columbia	147	66.76	86	59	16.47	253	172	18.26	12	8
Florida	77	75.78	98	127	4.85	76	99	223.03	145	188
Georgia	57	36.64	47	82	4.04	63	110	48.39	31	54
Idaho	97	72.55	94	97	9.79	153	158	128.98	84	87
Illinois	121	85.44	110	91	6.28	98	81	124.96	81	67
Indiana	108	67.43	87	81	6.66	104	96	48.88	32	30
Iowa	100	77.01	99	99	6.78	106	106	76.66	50	50
Kansas	81	66.68	86	106	7.04	110	136	64.77	42	52
Kentucky	57	37.49	48	84	4.36	68	119	47.81	31	54
Louisiana	66	59.95	77	117	4.52	71	108	166.78	109	165
Maine	94	73.73	95	101	5.06	79	84	80.74	53	56
Maryland	106	74.05	96	91	5.20	81	76	186.26	121	142
Massachusetts	121	100.96	130	107	6.78	106	88	150.29	98	81
Michigan	123	88.71	114	93	5.77	90	73	135.95	88	72
Minnesota	102	80.68	104	102	7.31	115	113	124.48	81	79
Mississippi	39	34.49	44	128	4.89	77	197	85.07	55	141
Missouri	88	56.19	72	82	6.58	103	117	88.18	57	65
Montana	113	86.57	112	99	12.43	195	173	112.55	73	65
Nebraska	83	57.66	74	89	11.36	178	214	95.58	62	75
Nevada	164	114.04	147	90	26.70	418	255	96.15	63	38
New Hampshire	103	93.98	121	117	7.40	116	113	79.89	52	50
New Jersey	127	112.14	145	114	5.11	80	63	292.37	190	150
New Mexico	71	61.45	79	111	9.34	146	206	130.29	85	120
New York	123	126.25	163	132	5.52	86	70	391.91	255	207
North Carolina	66	48.46	62	94	3.84	60	91	128.90	84	127
North Dakota	76	60.49	78	103	7.49	117	154	79.55	52	68
Ohio	128	84.83	109	85	6.94	109	85	110.17	72	56
Oklahoma	68	49.91	64	94	8.46	133	196	84.50	55	81

See footnotes at end of table.

TABLE D.—*Index of State economic ability to revenue load, Federal aid, and public debt* [1]—Continued

	Index of economic ability—Average rank	Total State and local revenue, 1941 (except fiscal aid)			Federal aid to States and localities, 1941			State and local public gross debt, 1940		
		Per capita	Rank of revenue	Index of revenue load	Per capita	Rank of Federal aid	Index of aid	Per capita	Rank of debt	Index of debt load
Oregon	109	83.85	108	99	8.78	138	127	172.38	112	103
Pennsylvania	108	79.77	103	95	6.50	102	94	162.82	106	98
Rhode Island	124	85.09	110	89	6.96	109	88	251.92	164	132
South Carolina	53	39.29	51	96	6.91	108	204	84.73	55	104
South Dakota	78	71.69	92	118	9.33	146	187	123.76	81	104
Tennessee	61	47.37	61	100	4.68	73	120	143.00	93	152
Texas	83	50.04	64	77	4.90	77	93	114.49	74	89
Utah	93	77.88	100	108	11.35	178	191	75.96	49	53
Vermont	86	89.89	116	135	7.62	119	138	67.25	44	51
Virginia	74	48.69	63	85	3.76	59	80	75.87	49	66
Washington	109	83.15	107	98	10.09	158	145	152.29	99	91
West Virginia	77	52.47	68	89	5.27	83	108	70.79	46	60
Wisconsin	104	81.36	105	101	5.73	90	86	48.22	31	30
Wyoming	128	88.49	114	89	17.72	278	217	151.04	98	77

[1] Compiled by the Department of Commerce, Bureau of the Census, State and Local Government, Special Study No. 20, final, September 1942.
[2] Economic ability is the income payments plus the output of industries, plus retail sales of a State. These are indicated on a per capita basis, ranked separately in relation to the United States average and then averaged to secure the average rank.
[3] Rank of revenue is found by dividing per capita revenue of States by national per capita. revenue.
[4] Index of revenue load is found by dividing the per capita rank by the average rank of economic ability and multiplying by 100.
[5] Rank of Federal aid is found by dividing per capita State aid by the national per capita aid.
[6] Index of aid is found by dividing the per capita rank by the average rank of economic ability and multiplying by 100.
[7] Rank of debt is found by dividing per capita debt by the national per capita debt.
[8] Index of debt load is found by dividing the rank of debt by the average rank of economic ability and multiplying by 100.

TABLE E.—*Relationship of Federal aid to State finances by geographic divisions, 1941* [1]

	Average rank of economic ability [2]	Index of revenue load [2]	Index of Federal aid [2]	Index of debt load [2]
New England	122	102	86	75
Middle Atlantic	120	112	78	152
East North Central	120	89	82	57
West North Central	94	93	117	64
South Atlantic	67	94	106	99
East South Central	59	86	122	95
West South Central	72	88	118	107
Mountain	99	88	163	81
Pacific	124	105	123	107

[1] Taken from tables in Financing Federal, State and Local Governments, September 1942, Department of Commerce.

[2] For definitions, see footnotes to table D. Geographic divisions are as follows:
New England: Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, and Connecticut.
Middle Atlantic: Delaware, District of Columbia, Maryland, New Jersey, Pennsylvania, and New York.
East North Central: Michigan, Ohio, Indiana, Illinois, and Wisconsin.
West North Central: Minnesota, Iowa, Missouri, North Dakota, South Dakota, Nebraska, and Kansas.
South Atlantic: Virginia, West Virginia, North Carolina, South Carolina, Georgia, and Florida.
East South Central: Kentucky, Tennessee, Alabama, and Mississippi.
West South Central: Arkansas, Louisiana, Oklahoma, and Texas.
Mountain: Montana, Idaho, Wyoming, Colorado, New Mexico, Arizona, Utah, and Nevada.
Pacific: Washington, Oregon, and California.

○

78TH CONGRESS, 1st Session | SENATE | DOCUMENT No. 131

REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES

ADDITIONAL REPORT

OF THE

JOINT COMMITTEE ON REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES CONGRESS OF THE UNITED STATES

PURSUANT TO

SECTION 601 OF THE REVENUE ACT OF 1941

FEDERAL PERSONNEL
(Additional Report)



NOVEMBER 22 (legislative day, November 18), 1943.—Referred to the Committee on Appropriations and ordered to be printed with an illustration

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1943

CONGRESS OF THE UNITED STATES

JOINT COMMITTEE ON REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES

CREATED PURSUANT TO SECTION 601 OF THE REVENUE ACT OF 1941

HARRY FLOOD BYRD, Senator from Virginia, *Chairman*

ROBERT L. DOUGHTON, Representative from North Carolina, *Vice Chairman*

SENATE	HOUSE OF REPRESENTATIVES
WALTER F. GEORGE, Senator from Georgia	THOMAS H. CULLEN, Representative from New York
ROBERT M. LA FOLLETTE, JR., Senator from Wisconsin	ALLEN T. TREADWAY, Representative from Massachusetts
CARTER GLASS, Senator from Virginia	CLARENCE CANNON, Representative from Missouri
KENNETH McKELLAR, Senator from Tennessee	CLIFTON A. WOODRUM, Representative from Virginia
GERALD P. NYE, Senator from North Dakota	JOHN TABER, Representative from New York

HENRY MORGENTHAU, JR., *Secretary of the Treasury*

HAROLD D. SMITH, *Director of the Bureau of the Budget*

LETTER OF TRANSMITTAL

CONGRESS OF THE UNITED STATES,
JOINT COMMITTEE ON REDUCTION OF NONESSENTIAL
FEDERAL EXPENDITURES.
November 22, 1943.

The VICE PRESIDENT,
United States Senate.

SIR: In accordance with title 6 of the Revenue Act of 1941, Public Law No. 250, Seventy-seventh Congress, as chairman of the Joint Committee on Reduction of Nonessential Federal Expenditures, it gives me pleasure to present to you an additional report of this committee, which I ask that you lay before the Senate of the United States with a view to its being printed as a Senate document.

Respectfully submitted.

HARRY F. BYRD, *Chairman.*

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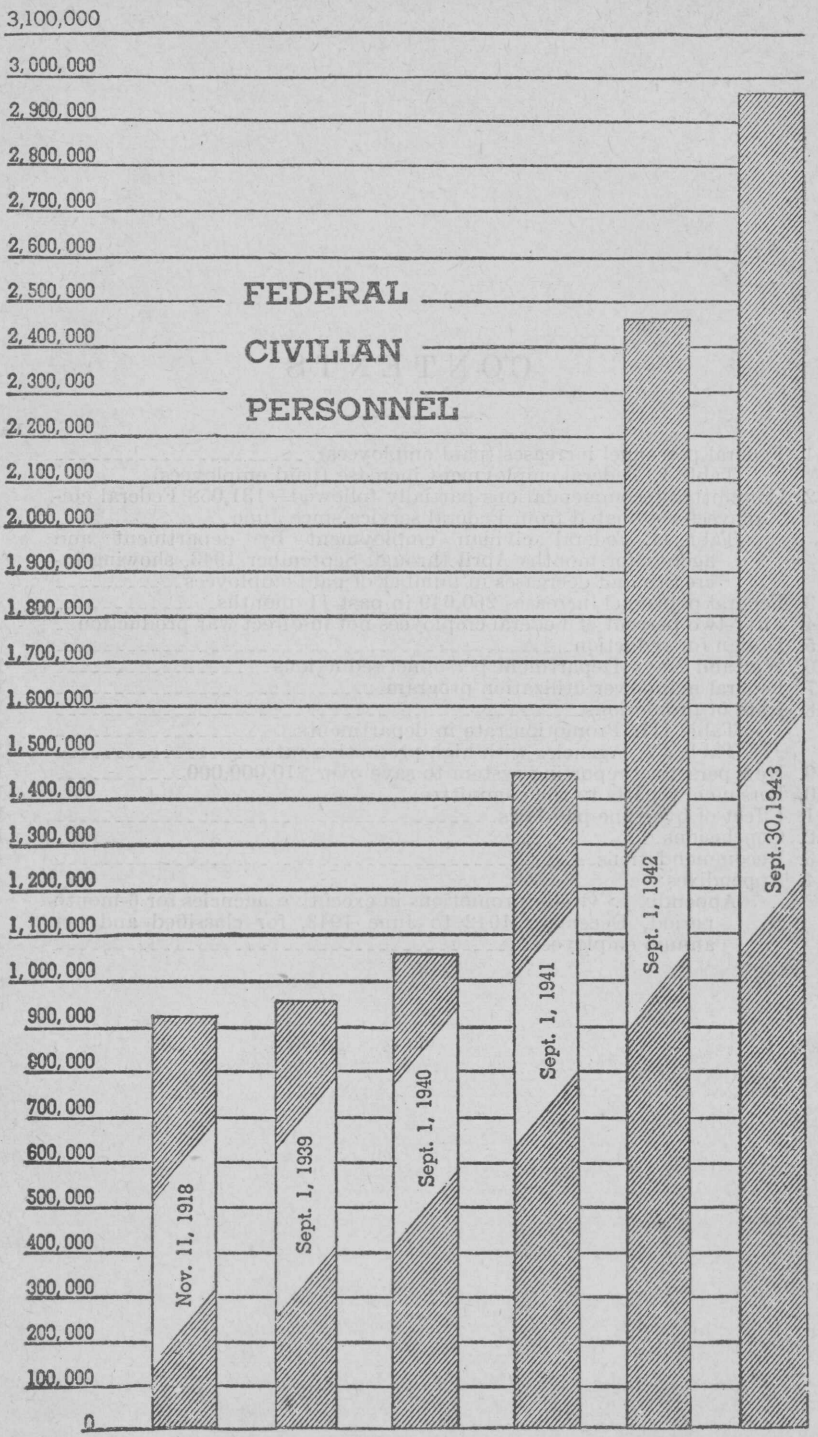
FEDERAL
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Nov. 11, 1918
Sept. 1, 1939
Sept. 1, 1940
Sept. 1, 1941
Sept. 1, 1942
Sept. 30, 1943

REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES

FEDERAL PERSONNEL

REPORT TO THE PRESIDENT OF THE UNITED STATES, THE VICE PRESIDENT OF THE UNITED STATES, PRESIDENT OF THE SENATE, THE SPEAKER OF THE HOUSE OF REPRESENTATIVES

In accordance with title 6 of the Revenue Act of 1941, Public Law 250, Seventy-seventh Congress, an additional report herewith is presented by the Joint Committee on Reduction of Nonessential Federal Expenditures.

FEDERAL PERSONNEL INCREASES (PAID EMPLOYEES)

Last spring the Joint Committee on Reduction of Nonessential Federal Expenditures, alarmed by the ever-swelling number of persons employed by the Federal Government, issued a report (S. Doc. 66, 78th Cong.) which described in detail the overgrowth of the executive branch of the Federal Government and recommended that 300,000 civilian employees be eliminated from pay rolls. Senators Byrd and Langer introduced an amendment to the Overtime Pay Acts which gave the Director of the Bureau of the Budget authority to order reductions in establishments subject to the overtime pay laws.

Since June 1943 some progress has been made in reducing Federal civilian employment. The following table, showing Federal employment, indicates the necessity for continued reductions:

TABLE I.—*Federal employment increase (paid employees in executive branch)*

	Personnel	Monthly pay roll
Nov. 11, 1918	917,760	[1]
August 1939	933,386	$141,733,064
August 1940	1,039,451	159,260,975
August 1941	1,444,985	217,772,054
August 1942	2,450,759	391,502,171
March 1943	2,978,824	638,926,265
April 1943	3,003,539	634,324,484
May	3,039,412	610,675,661
June	3,095,463	657,791,453
July	3,093,495	[1]
August	3,020,814	[1]
September	2,964,405	[1]

[1] No figures available.

Despite the fact that the first Overtime Pay Act, which increased the working hours of the Government employee, applied to at least 2,180,000 Federal civilian employees, or over 70 percent of the Federal employees the Bureau of the Budget issued reduction orders only to agencies or parts of agencies representing an aggregate of 735,338 employees, or only one-fourth of the Federal civilian employees.

Also, when viewed in terms of total Federal civilian employment the reduction orders issued by the Bureau of the Budget have been ineffective. As many Federal civilian employees have been eliminated through recent congressional actions as have been eliminated through the operation of ceiling orders placed upon the number of civilian employees by the Bureau of the Budget under authority contained in the overtime-pay laws. During the period the reduction orders of the Bureau of the Budget were being executed under the first Overtime Pay Act, Federal employment rose from 2,810,871 to 3,005,812, or by 194,941 employees. In other words, while less than one-fourth of Federal employment was being reduced by 16,535 employees, the remainder of the Government service was being increased by 211,476, resulting in a net increase of 194,941 employees.

Figures for September 1943 show that there are now 2,964,405 Federal civilian employees. Some agencies have curtailed recruiting, and a few substantial reductions have been consummated. The committee is of the opinion that, despite achievements, its recommendations have been disregarded in many instances. Moreover, the First Overtime Pay Act had little salutary effect.

It is because of this failure of the Bureau of the Budget, the Civil Service Commission, and the various departments and agencies to effect recommended reductions that the committee deems it necessary to issue this second personnel report on Federal employment. Should this second request be disregarded, the committee will believe it necessary to recommend legislation to the Congress of the United States which will make reductions in Federal civilian employment mandatory.

COMMITTEE RECOMMENDATIONS PARTIALLY FOLLOWED—131,058 FEDERAL EMPLOYEES ELIMINATED FROM FEDERAL SERVICE SINCE JUNE 1943

In June 1943, when the committee issued its first personnel report the all-time peak in Federal employment had been reached. There were then 3,095,463 paid Federal civilian employees. Latest figures which are for September 1943, show that there are 2,964,405 Federal workers, or a reduction of 131,058 employees since June. Table II (page 3) shows Federal civilian employment by department and agency for the months April through September 1943, and increases and decreases in the number of personnel between June and September, by department and agency.

Committee figures used in Table II and throughout this report do not include employees of the White House, employees of the Federal Reserve System, who are not paid with Federal funds, and employees of the legislative and judicial branches of the Federal Government. Nor do they include 40,000 Federal Works Agency project employees in Puerto Rico, 8,375 Farm Security Administration committeemen, over 100,000 Agricultural Adjustment Administration committeemen, 64,000 members of War Price and Ration Boards of the Office of Price Administration, 160,000 voluntary selective-service workers, 9,000 physicians paid on a fee basis and employed intermittently by the Veterans' Administration, 9,000 volunteer workers of the Weather Bureau, Department of Commerce, 7,000 maritime service enrollees, nor the employees of the quasi-Federal corporations.

Recently, the Civil Service Commission has revised its personnel reporting procedure to include over 300,000 voluntary and unpaid

TABLE II.—*Federal civilian employment, by department and agency, for months of April through September 1943, showing increases and decreases in number of paid employees*

	April 1943	May 1943	June 1943	July 1943	August 1943	September 1943	Increase, June to September	Decrease, June to September
Office of the President [1]	847	854	829	795	622	577		252
State Department	8,234	8,249	8,426	8,433	8,595	8,567	141	
Treasury Department	77,651	79,625	81,187	84,016	82,659	84,064	2,877	
War Department	1,356,774	1,380,693	1,397,956	1,382,542	1,308,812	1,257,988		139,968
Justice Department	30,616	30,650	31,088	31,376	31,025	30,445		643
Post Office Department	319,847	313,630	325,105	330,913	333,025	[2] 333,025	7,920	
Navy Department [3]	633,206	637,154	669,114	679,475	684,252	[2] 684,428	15,314	
Interior Department	37,805	38,060	41,839	43,218	41,973	[2] 42,700	861	
Agriculture Department [4]	79,176	85,011	80,297	78,685	80,710	77,747		2,550
Commerce Department [5]	32,836	32,210	32,538	32,982	32,955	34,963	2,425	
Labor Department	6,285	6,455	6,202	6,318	6,304	6,120		82
National war agencies:								
Office for Emergency Management: Liaison Office	18	16	[6]	[6]	[6]	[6]	0	0
Committee on Fair Employment Practice	[7]	[7]	3	44	68	92	89	
Division of Central Administrative Services	6,006	5,660	5,191	5,036	4,909	4,767		424
National War Labor Board	2,362	1,966	2,362	2,419	2,522	2,784	422	
Office of Alien Property Custodian	1,108	1,092	1,084	1,082	1,068	1,052		32
Office of Civilian Defense	1,418	1,319	1,229	1,053	979	959		270
Office of Coordinator of Inter-American Affairs	1,282	1,352	1,406	1,400	1,385	1,340		66
Office of Defense Transportation	4,073	4,246	4,543	4,705	4,556	4,524		19
Office of Economic Stabilization	10	10	5	8	9	8	3	
Office of Lend-Lease Administration	610	658	717	728	723	720	3	
Office of Scientific Research and Development	1,221	1,299	1,335	1,388	1,237	1,260		75
Office of War Information	3,737	3,828	3,775	3,424	3,435	[8] 4,456	681	
Office of War Mobilization	[7]	[7]	9	14	14	13	4	
War Production Board [9]	21,032	20,260	20,372	20,241	19,411	19,018		1,354
War Manpower Commission [10]	38,284	38,141	38,235	30,983	29,060	26,304		11,931
Selective Service System	26,003	25,462	25,174	24,666	24,978	24,514		660
War Relocation Authority	2,139	2,033	1,926	1,699	1,637	1,836		90
War Shipping Administration	2,840	2,985	3,341	3,615	3,720	3,970	629	
Office of Economic Warfare	4,007	4,453	4,447	4,925	4,986	5,048	601	
Office of Censorship	12,270	12,061	12,119	12,259	12,381	12,147	28	
Office of Price Administration	53,788	54,595	56,049	56,389	55,799	55,282		767
Office of Strategic Services	1,484	1,481	1,537	1,576	1,573	1,556	19	
Petroleum Administrator for War	1,277	1,341	1,407	1,408	1,441	1,468	61	
Independent establishments:								
American Battle Monuments Commission	4	4	3	2	2			1
Bituminous Coal Consumers' Counsel	41	39	39	35	34	[6]		39
Board of Investigation and Research—Transportation	170	169	157	123	110	91		66
Civil Aeronautics Board	303	305	297	307	304	308	11	
Civil Service Commission	7,142	6,356	7,063	6,568	6,380	6,297		766
Employees Compensation Commission	525	524	543	538	536	540		3
Export-Import Bank	53	55	55	58	59	60	5	

See footnotes at end of table.

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TABLE II.—*Federal civilian employment, by department and agency, for months of April through September 1943, showing increases and decreases in number of paid employees*—Continued

	April 1943	May 1943	June 1943	July 1943	August 1943	September 1943	Increase, June to September	Decrease, June to September
INDEPENDENT ESTABLISHMENTS—Continued								
Federal Communications Commission	2,296	2,273	2,181	2,194	2,192	2,195	14	
Federal Deposit Insurance Corporation	1,185	1,168	1,153	1,141	1,131	1,116		37
Federal Power Commission	677	680	687	694	690	686		1
Federal Security Agency	32,435	31,455	32,304	32,230	31,657	31,159		1,145
Federal Trade Commission	505	488	484	479	470	466		18
Federal Works Agency [11]	23,839	23,050	22,334	22,397	22,064	22,506	172	
General Accounting Office	8,251	8,534	8,734	9,086	9,224	9,621	887	
Interstate Commerce Commission	2,338	2,298	2,268	2,256	2,201	2,178		90
Maritime Commission	8,046	8,284	8,487	8,717	8,740	8,986	499	
National Advisory Committee for Aeronautics	3,502	3,767	3,955	3,940	4,000	4,373	418	
National Archives	383	368	350	347	344	344		6
National Capital Housing Authority	241	246	253	264	270	262	9	
National Capital Park and Planning Commission	20	19	20	21	18	19		1
National Gallery of Art	248	247	252	251	250	248		4
National Housing Agency	18,458	18,625	19,303	19,789	20,061	20,304	1,001	
National Labor Relations Board	847	816	809	806	773	795		14
National Mediation Board	100	104	94	92	87	96	2	
Panama Canal	37,958	47,566	37,874	38,538	37,685	34,326		3,548
Railroad Retirement Board	1,603	1,632	1,678	1,645	1,613	1,572		106
Reconstruction Finance Corporation	8,148	8,210	8,311	8,472	8,478	8,349	38	
Securities and Exchange Commission	1,328	1,319	1,314	1,308	1,299	1,263		51
Smithsonian Institution	415	408	403	401	405	405	2	
Tariff Commission	321	310	307	300	304	301		6
Tax Court of the United States	125	128	127	126	126	127	0	0
Tennessee Valley Authority	29,197	28,888	28,421	28,355	28,284	27,075		1,346
Veterans' Administration	44,589	44,228	44,356	44,220	44,200	44,593	237	
Total	3,003,539	3,039,412	3,095,463	3,093,495	3,020,814	2,964,405	35,373	166,431

[1] Includes only Bureau of the Budget and National Resources Planning Board.
[2] Estimated.
[3] Includes 10,324 employees of stations in the hands of the enemy.
[4] Farm Security Agency committeemen not included.
[5] Includes about 2,900 part-time weather observers of the Weather Bureau.
[6] Abolished.
[7] Established by Executive order, May 27, 1943.
[8] Includes 1,050 employees abroad not previously reported.
[9] Includes Smaller War Plants Corporation.
[10] Includes training within industry and U. S. Employment Service. Also includes the National Youth Administration which was ordered liquidated by Dec. 31, 1943. Does not include the Selective Service System.
[11] Does not include Work Projects Administration project workers.

workers, which have never before been considered as Federal employees in the strict sense of the word. Everyone recognizes that there will be great changes in the number of these unpaid workers from month to month, and from season to season. Any attempt to show decreases, or even increases, in Federal employment by the use of figures which include volunteer and unpaid Federal workers tends to confuse the American people. For example, between June and July 1943 the Commission reports that several agencies have decreased employment; whereas, over the same period of time and in the same agencies committee figures show an increase in the number of paid employees.

Table II indicates that between June and September 1943 the majority of the executive departments and agencies have either reduced the number of their paid employees or curtailed the recruiting of new employees. During this period 35 departments and agencies eliminated 166,431 personnel. Substantial reductions in the number of personnel were accomplished by the following departments and agencies: War Department, 139,968 employees; War Manpower Commission, 11,931; Panama Canal, 3,548; Agriculture Department, 2,550; War Production Board, 1,354; Tennessee Valley Authority, 1,346; and the Federal Security Agency, 1,145.

However, between June and September 30, departments and agencies increased the number of their personnel by 35,373 employees. Greatest increases were made by the following departments and agencies: Navy Department, 15,314 employees, Post Office Department, 7,920; Treasury Department, 2,877; Commerce Department, 2,425; and the National Housing Agency, 1,001.

At the hearings before the committee on October 8, 1943, the War Department announced a net reduction of 145,564 civilian employees between June and August 1943. On the other hand, committee figures show that between June and September there has been a reduction of only 139,968 employees in the War Department. The discrepancy between War Department figures and committee figures arises because of the following: (1) The committee figures cover a longer period of time, and (2) War Department totals for June and August do not include all of the employees on the War Department pay rolls for those months to whom compensation was paid for services rendered. Neither the figures of the War Department nor those of the committee include civilian employees outside continental United States; therefore, with present information it is difficult to determine exactly how many employees have been eliminated from the War Department pay rolls.

Congressional action was responsible for reducing Federal employment by 15,000 employees during the period between June and September 1943, through the reduction of appropriations for, or the elimination of, some of the following agencies: Farm Security Administration, Office of War Information, Bituminous Coal Consumers' Counsel, National Resources Planning Board, Board of Legal Examiners, National Youth Administration, Work Projects Administration, and Civilian Conservation Corps.

In recommending the elimination of 300,000 Federal employees the committee believed that there were 3,008,519 paid Federal workers. However, actually there were 3,095,463 Government employees in June. Therefore, the committee should have recommended the elimination of 390,000 Federal employees from the June total.

The committee is encouraged by the fact that 131,058 Federal employees have been eliminated since June, and wishes to commend those 35 departments and agencies which are responsible for the net decrease in Federal employment. However, the trend is indicative rather than conclusive, because many decreases were offset by increases in 30 departments and agencies. Further, it should be pointed out that according to latest available statistics from the Civil Service Commission various departments and agencies have requested that 180,000 additional employees be furnished them.

FEDERAL PERSONNEL INCREASES 260,649 IN THE NUMBER OF PAID EMPLOYEES DURING THE PAST 11 MONTHS

Taking the longer view—that is, from October 1942 to September 1943—the committee found the trend less satisfactory. Federal employment totaled 2,703,756 in October 1942. By September 1943 the number of employees had risen to 2,964,405, or a net increase of 260,649 in 11 months.

Those establishments employing large numbers of persons almost universally increased employment. All 10 departments except the Interior Department showed increases, some alarming. The Navy Department topped the entire Federal service with 154,593 additions; the War Department was next with 68,155 increases; and Post Office and Treasury showed substantial gains of 16,723 and 14,842, respectively.

Among the war agencies, the Office of Price Administration increased 19,562, a 55-percent gain. The National War Labor Board increased from 282 to 2,784, a gain of 2,502 or about 890 percent. War Shipping Administration employment increased 167 percent. The Office of Economic Warfare (formerly Board of Economic Warfare), the Office of Scientific Research and Development, the Office of Defense Transportation, all increased substantially.

Of the remaining agencies, attention is directed to the General Accounting Office, the Maritime Commission, the National Advisory Committee for Aeronautics, the National Housing Agency, and the Reconstruction Finance Corporation—each of which showed substantial gains. Three new agencies were created during that time, the Committee on Fair Employment Practice, the Office of War Mobilization, the Petroleum Administrator for War, the latter of which already has 1,468 employees.

Substantial reductions were made in the following: Federal Security Agency, Federal Works Agency, Selective Service System, the Civil Service Commission, and Veterans' Administration. During this period the Tennessee Valley Authority eliminated 14,021 employees, most of whom were project workers. The National Youth Administration was ordered liquidated, and by September 1943 had reduced to 1,370 employees.

FIFTY-TWO PERCENT OF FEDERAL EMPLOYEES NOT IN DIRECT WAR PRODUCTION

In the committee's last personnel report it was pointed out that 55 percent of Federal civilian employees were not engaged in direct mechanical war production. Six months later, or at the present time, this percentage has been reduced to 52.2 percent.

Following is a list of the agencies engaged in direct mechanical war production with the number of employees so employed:

War Department (except clerical, administrative, and fiscal employees)	800, 224
Navy Department (except clerical, administrative, and fiscal employees)	559, 333
Maritime Commission (except clerical, administrative, and fiscal employees)	1, 271
Tennessee Valley Authority (except clerical, administrative, and fiscal employees)	23, 596
Panama Canal	34, 326
Bureau of Standards	2, 465
National Advisory Committee for Aeronautics	4, 373
Total	1, 425, 588

Thus, today there are 1,425,588 Federal civilian employees, or only 47.8 percent of the civilian employees of the Federal Government, who are chiefly engaged in actual direct mechanical war production. This represents an increase of 76,490 employees over April 1943. It is gratifying to observe that the number of employees not engaged in direct mechanical war production has decreased by 130,734, since April 1943. The trend is encouraging, although not to the extent to which the committee desires. There are still more employees in the Federal Government not engaged in direct mechanical war production than there were in the entire Federal service in July 1941, 5 months before Pearl Harbor.

In the next section the committee will point out where reductions in Federal personnel can be effected. It is believed that these reductions should be made almost exclusively in those 1,538,687 Federal employees not engaged in direct mechanical war production.

DESIGN FOR REDUCTION

In the committee's report on Federal personnel issued June 18, 1943, the following recommendation was made:

> That a 300,000 reduction in personnel be promptly carried out by all departments and agencies of the Federal Government. The committee believes that much further reduction can be safely effected without interference with the war effort, by a firm determination in all branches of the Government to eliminate all unnecessary personnel. The Director of the Bureau of the Budget can effect much of this reduction through an effective use and execution of the authority and power contained in the Byrd-Langer amendment in the Overtime Pay Act (sec. 11, Public Law 49, 78th Cong., approved May 7, 1943). This power applies to all employees in the classified service comprising over one-half of the total Federal civilian personnel. In the remaining half the proper officials in charge shall take the necessary steps to effect all possible reductions of personnel. It is of course realized that this reduction cannot be made on a uniform basis as some agencies can afford a greater reduction than others.

The committee did not designate where the reductions were to occur, because it believed that those decisions should be made by the various departments and agencies in conjunction with the Bureau of the Budget and the Civil Service Commission. However, at this time the committee desires to point out with particularity where some of the personnel could be eliminated without injury to the war program. This would release vital manpower for war work and increase overall efficiency.

Liquidation of the following five agencies have either been ordered by the Congress or recommended by the committee, and should result in the reduction of large numbers of Federal personnel:

Work Projects Administration: The committee recommended the liquidation of this agency in December 1941. The President ordered its liquidation on December 4, 1942. At the time the committee issued its first personnel report latest statistics, which were for March 1943 showed that the Work Projects Administration had on its pay rolls 2,665 administrative employees. Latest figures which are for September 1943 show that there are now 181 administrative employees, engaged in liquidating the Work Projects Administration.

National Youth Administration: In December 1941 and again in May 1943 the committee recommended the abolition of this agency. In the Labor-Federal Security Appropriations Act for 1944 the National Youth Administration was ordered to liquidate. At the time the committee issued its first personnel report latest statistics, which were for March 1943 showed that the National Youth Administration had 10,588 employees. By June the employees of the National Youth Administration numbered 12,604. However, by September the National Youth Administration had 1,370 employees.

Regional Agricultural Credit Corporation: On March 11, 1943, the committee recommended the abolition of the Regional Agricultural Credit Corporation. Testimony presented to the committee on February 19, 1943, indicated that the services of about 3,000 employees were required for this program.

Farm Security Administration: In December 1941 the committee recommended the abolition of the Farm Security Administration. At the time the committee issued its first personnel report latest statistics, which were for May 1943, showed that the Farm Security Administration had 17,090 employees, excluding committeemen. Because of a reduction in its appropriation for the fiscal year beginning July 1, 1943, the Farm Security Administration has eliminated 5,029 employees.

Civilian Conservation Corps: In December 1941 the committee recommended the abolition of the Civilian Conservation Corps. The Labor-Federal Security Appropriations Act of 1943 provided for the liquidation of this agency. At the time the committee issued its first personnel report latest statistics, which were for March 1943, showed that the Civilian Conservation Corps had 618 employees. Latest information shows that the Civilian Conservation Corps had five employees on its pay roll in September 1943.

Thus, since the committee's first personnel report 33,961 employees should have been eliminated from the Federal pay rolls through the liquidation of the above agencies. Actually, only 17,344 of these employees have been eliminated.

In considering appropriations for the fiscal year 1944 the activities of the following agencies were either curtailed or entirely eliminated by the Congress: Bituminous Coal Consumers' Counsel, National Resources Planning Board, Board of Legal Examiners, and the Domestic Branch of the Office of War Information. This congressional action should have further reduced the number of Federal personnel by about 2,000 employees.

War and Navy Departments: In its first personnel report the committee furnished statistics which showed the number of civilian personnel in the War and Navy Departments in the clerical, administrative, and fiscal service (hereinafter referred to as the clerical

category). These figures show that in the Navy Department there is 1 civilian employee in this category for every 5 other civilian employees (mechanical, professional, etc., engaged in direct mechanical war production). However, in the War Department the ratio between civilian employees in the clerical category and those civilian employees in other categories is 1 to 2. The committee believes that from the standpoint of sound personnel management the differences between the War and Navy Departments in this respect are too great. There are not sufficient extenuating circumstances to warrant the War Department's having one-third of its civilian employees in the clerical category. The committee wishes to point out that in this discussion military and naval personnel doing this type of clerical, administrative, and fiscal work have not been included. Making due allowances for the relative sizes of the two branches of the armed forces, and considering the large number of military personnel assigned to clerical, administrative, and fiscal duties, it is not unreasonable to require the War Department to decrease the ratio of civilian clerical employees to those civilian employees actually directly engaged in war work, so that there is only one clerical civilian employee for every other three civilian employees engaged in direct mechanical war production. This means that the War Department should reduce the number of its civilian employees in the clerical category from 457,764 to 307,764, or a reduction of 150,000 employees.

Up to this point in this report the committee has pointed out with particularity how Federal civilian personnel should have been reduced by 185,961 employees since the date of the first personnel report. At most, these are only minimum reductions. These reductions in personnel have been accomplished in part, but not as completely and promptly as desired by the committee.

The attention of the committee has been directed repeatedly to examples of waste in the utilization of existing personnel in almost every agency of the Federal Government. Reckless and excessive hiring of personnel predicated upon the assumption that sometime in the future work would be provided is the rule rather than the exception.

Over-estimation of personnel for existing work needs is still another miscalculation made by Government agencies. There are a few—very few—departments and agencies which have tried to solve their personnel problems by thoroughly investigating their personnel needs to determine if improved methods, reduction of red tape, and eliminating idleness, duplication, and overlapping functions would not reduce the need for personnel. The majority of the agencies recruit inexperienced employees from outside the Federal service to add to the confusion caused by the lack of a systematized and intelligent procedure which is based on fundamental business-like and economical considerations. If the departments and agencies of the Government had attacked and will now attack the problem of useless and excessive personnel in the manner described, over-all "horizontal" reductions in all of the agencies could have been and can now be effected which will result in the elimination of at least 100,000 to 200,000 more Government employees.

Further reductions might be made were the duplicating activities among the various Federal establishments removed. For example,

the committee has long advocated a complete unification of all lending activities of the Department of Agriculture, for there is no logical reason why these duplicating activities should not be eliminated at a tremendous saving in personnel and Federal funds.

There are 7 agencies aside from the Department of Labor dealing with labor problems. If the functions of the Office of Defense Transportation were placed under the Interstate Commerce Commission, an estimated saving of $2,000,000 and thousands of man-hours would be effected annually. The Federal Trade Commission and the Office of Price Administration are in many respects so closely related as to benefit by a single identity. The latest figures on the number of Federal agencies engaged in research work show that no fewer than 134 agencies and bureaus are spending money for this purpose. There are 22 agencies dealing with matters affecting the fishing industry.

An increase of 16,723 Post Office Department employees over the past year to some extent has resulted from increased amounts of nonessential penalty mail originating from the departments and agencies. Better control by the departments and agencies over their penalty mailing privileges would not only reduce Federal expenditures per se, but would result in the elimination of several thousands of Government employees engaged in duties, relating to the preparation and distribution of such unnecessary material.

Functions which formerly would have been placed under the 10 departments of the Federal Government are delegated to a complex multitude of interlocking, yet independent agencies, many of which have their own personnel, including administrative sections, information sections, budgetary divisions, procurement sections, records sections, and statistics sections thereby duplicating one another's functions at every turn.

The national emergency has undoubtedly encouraged this trend. But, on the other hand, there is every reason to fear that many of these so-called emergency agencies will attempt to perpetuate themselves after the war. Were this not the case consolidation of duplicating agencies should have already begun.

In its first personnel report the committee pointed out the manner in which personnel recruiting is duplicated. One of the principal functions of the Civil Service Commission is to investigate and to hire employees for the various Federal establishments. This it does at a cost of $57.95 per employee hired. Yet every department and agency has its own personnel officers and administrators, investigators, and experts, clerks and stenographers, who investigate, classify, and recruit employees—the very work which the Civil Service Commission is supposed to be performing.

In this portion of the report the committee has endeavored to outline specifically methods by which total Federal personnel may be reduced by at least 300,000 employees, using total personnel figures of September 1943 as a base.

These methods are—

(1) Reductions in the number of personnel resulting from the liquidation of certain agencies.

(2) Reduction in the number of employees in the War Department engaged in clerical duties.

(3) Reduction in the number of employees in nonwar agencies, and

(4) Over-all reductions in personnel throughout the Federal service resulting from more efficient personnel management.

In view of the fact that Federal employment has decreased by 131,058 employees since the first personnel report the committee observes that its recommendations have not been completely followed, and it is now forced to recommend a reduction of at least 300,000 civilian employees from the total number of employees, who are on the Federal pay rolls at this time. Such a reduction would release manpower for vital war work, and would also save the taxpayers about $1,000,000,000 annually.

WAR AND NAVY DEPARTMENT PERSONNEL REDUCTIONS

It has been brought to the attention of the committee that the War and Navy Departments are effecting reductions in personnel by replacing civilian employees who have been and ordinarily would be employed in certain positions by young male enlisted and commissioned personnel who are physically fit for active combat service. This is not a solution to the problem of excessive and unutilized personnel, and should be stopped immediately. Between now and the time the committee issues its next personnel report, this practice will be fully investigated and all the facts will be reported to the Congress and the Nation.

The committee has requested of the War and Navy Departments the number of male commissioned and enlisted personnel below the rank of lieutenant colonel or commander between the ages of 18 and 35 years and physically fit for active combat service who are in the United States occupying positions of a clerical, administrative, fiscal, or custodial nature not directly connected with the activities of task forces, combat units, or training units.

Evidence adduced at the hearings on October 8, 1943, at which time the War Department appeared before the committee, showed that a portion of the reduction in personnel was attributable to a transfer of the management and operations of certain ordnance plants and depots, previously operated by the War Department, to private industry. This resulted in a transfer of 8,950 War Department civilian employees to the pay rolls of contractors. Other similar agreements and contracts have been entered into by the War Department, and at the present time the War Department is assembling this information for the use of the committee so that it may be apprised of the extent to which this practice is used to show over-all reductions in civilian personnel. Since June 1943 the War Department reduced more than twice as many employees engaged in mechanical war production, as it did those engaged in clerical, administrative, and fiscal duties. The committee has never taken the position that the War Department should reduce the number of its employees engaged in actual direct mechanical war production, and it is well aware of the fact that any reduction in the number of these employees should be accompanied by a corresponding greater reduction in the number of War Department clerical, administrative, and fiscal employees.

FEDERAL MANPOWER-UTILIZATION PROGRAM

In the broad sense the success of a Federal manpower-utilization program is dependent first upon the reduction in personnel in those agencies where curtailment of activities is possible; and, second, in

the transfer of Federal employees between agencies as opposed to the recruitment of employees from outside the Federal service. Also, a successful manpower-utilization program will result in the savings of millions of dollars, because it will eliminate idleness and insure the maximum utilization of each employee's working time and highest skills.

In maintaining that a cut of 300,000 employees from Federal rolls would be beneficial from the standpoint of efficiency and economy, the committee previously believed that Federal employment would be reduced through the effective execution by the departments and agencies of the First Overtime Pay Act. This has not been done. While it is true that the majority of the departments and agencies have reduced, or at least stabilized, their personnel, many have not. Moreover, the committee is unable to determine the success of the labor-utilization program in connection with the First Overtime Pay Act since the Civil Service Commission has informed the committee of the high expense involved in ascertaining the number of employees actually reduced who could have been utilized in positions filled by new employees.

Obviously it is more satisfactory to transfer employees than to recruit new ones. In addition to aiding morale and releasing idle employees from overstaffed departments and agencies, such a program is far more economical than recruiting new ones. Today the Government is paying $57.95 to place each needless new employee on the Federal pay roll. Without computing the cost of their training or their salaries, since January 1942, this expense has amounted to over $17,000,000, and is rapidly rising. Yet, today, for every employee who has been transferred through the operation of the manpower utilization program there are at least two surplus employees on the Federal pay roll who are either idle or not working more than 50 percent of the day, or whose skills are not completely utilized.

The power to institute a Federal manpower-utilization program has been given the Civil Service Commission by the all-embracing authority of War Manpower Commission Directive No. 10, several Executive orders, and the overtime-pay laws. The Chairman of the War Manpower Commission indicated this when he advised the committee as follows:

> In the field of maximum utilization of manpower in the Federal service, I rely upon the United States Civil Service Commission.

Only recently, in fact a year after the issuance of War Manpower Commission Directive No. 10, and subsequent to the committee's first personnel report, has the Commission taken any affirmative action whatever to institute a few labor utilization surveys. Officials of the Civil Service Commission in justifying the inactivity of the Commission regarding this Federal manpower-utilization program, have stated that they must proceed cautiously for fear of offending departments and agencies which might then refuse to cooperate entirely in manpower-utilization surveys. The committee believes that cooperation from departments and agencies should be mandatory when not given voluntarily, and that the Commission should use all the authority at its command to reduce waste of manpower and Federal funds.

For the most part, the Commission has been content to adopt a negative attitude by initiating inquiries and making decisions only when approached by a courageous employee who desired to be of more service. Such an anomalous situation is the more reprehensible

when War Manpower Commission officials state that their own manpower-utilizations surveys receive "very high cooperation" from private industry at the very time that the Civil Service Commission, charged by the War Manpower Commission with the responsibility of administering the Federal personnel-utilization program, is found lacking the cooperation of and refusing to exercise authority over the various Federal departments and agencies.

The American people at this time, more than every before, have a right to expect that their Government will not waste manpower, and that every measure will be adopted to eliminate superfluous personnel. Therefore, the committee believes that the Civil Service Commission should, in conjunction with the Bureau of the Budget, immediately begin manpower utilization surveys, whether connected with a request for additional personnel or not, throughout the entire Government service and by February 1, 1944, report their findings to the President and the Congress. The committee calls upon every department and agency of the Government and all Federal employees to extend fullest cooperation.

RATE OF PROMOTIONS

The committee has continued its study of promotion policies in the Federal Government. Within-grade promotions are controlled now by the Mead-Ramspeck Act, Public Law 200, Seventy-seventh Congress, but between-grade promotions are not controlled by statute. Legally there can be no grade promotion unless a vacancy exists to which an employee may be promoted. The operating officials and personnel officers of the Government and the Civil Service Commission are responsible for filling these vacancies in accordance with good personnel practices. However, the committee's investigations reveal that promotion policies in certain agencies are flagrant violations of good personnel-management principles, and are wasting annually hundreds of thousands of dollars of Federal funds.

In a study embracing the 6-month period between December 1, 1942, and May 30, 1943, it was established that of 580,822 classified and per annum employees in the Government, 120,227 received full-grade promotions. This represents a 20.7 percent promotion rate over a 6-month period. (See Appendix II.)

This percentage of pay raises compares favorably to that of the long-standing departments of the Government. These departments, excluding the War and Navy Departments, have promoted 47,768 of 251,240 employees in the past 6 months. This represents a promotion rate of 19.0 percent in that period:

TABLE III.—*Between-grade promotion rate in departments*

Department	Promotions	Total classified and per annum	Percent
Agriculture Department	10,540	64,751	16
Commerce Department	5,576	22,547	25
Interior Department	2,561	25,598	10
Justice Department	6,450	30,650	21
Labor Department	1,327	6,078	22
Post Office Department	1,235	16,955	7
State Department	2,361	8,043	29
Treasury Department	17,718	76,618	23
Total	47,768	251,240	[1] 19

[1] Average.

One might assume that if the average promotion rate for the entire classified and per annum services were 20.7 percent and that the rate for the 8 departments were 19 percent such might be expected to be true of the entire classified service. This, however, is not the case. Four agencies report grade promotions of over 40 percent of their employees in 6 months. Nine other agencies report grade promotions of between 30 and 40 percent. The list follows:

TABLE IV.—*Agencies with high between-grade promotion rates*

Agency	Promotions	Total classified and per annum employees	Percent
Central Administrative Services, Office of Emergency Management	2,672	5,659	47
Office of Strategic Services	632	1,477	43
Liaison Office, Office of Emergency Management	5	12	42
Railroad Retirement Board	686	1,632	42
National Labor Relations Board	320	816	39
Office of Lend-Lease Administration	240	658	36
National Capital Park and Planning Commission	6	18	33
Office of Scientific Research and Development	177	545	32
Government Printing Office	464	1,446	32
Administrative Office of United States Courts	32	99	32
National War Labor Board	507	1,640	31
Office of War Information	1,111	3.603	31
Office of Censorship	3,650	12,061	30
National Youth Administration	3,157	10,602	29
War Production Board	5,767	20,260	28
War Manpower Commission	995	3,675	27
Office of Civilian Defense	363	1,316	27
Selective Service System	1,109	4,250	26

The use of these percentages is based on the assumption that there are no "repeaters" counted. That is to say, a 20 percent promotion rate would indicate a complete agency-wide grade promotion in 2½ years, a 33 percent rate would indicate a complete agency-wide promotion in 1½ years. From available statistics the committee knows, however, that this frequently is not the case. Some employees are jumped four or more grades over a 2-year period. Others, as well or better qualified, wait many years for a single grade promotion. Obviously such a policy is detrimental to the morale of the employees, hinders the effective prosecution of the war, and encourages a high rate of turn-over in personnel.

The committee finds from this and previous studies that there is no uniform intergrade promotion policy in the classified service. It believes that such a policy would prove highly beneficial to the morale of the employees in the classified service and would prove economical, in view of the inordinately high promotion rate in many agencies.

The committee further finds that the Civil Service Commission, which is ultimately responsible for approving these promotions within the departmental service, has not exercised sufficient care either in placing employees, in restricting promotions in certain agencies or in educating the operating officials of all departments and agencies into administering a uniform promotion policy, and believes that the Civil Service Commission should do so in the future.

Until very recently in order to expedite personnel actions the Civil Service Commission had in effect delegated its authority over promotions and reassignments to the various departments and agencies by operation of departmental circular No. 257, revision No. 2, dated

April 13, 1943. The standards prescribing length of Federal service required of an employee before promotion were very liberal. A department or agency, without prior approval of the Commission, could promote its employees on the following bases: At least 30 days' service for a promotion of less than $300 per annum, at least 6 months' service for a promotion of between $300 and $599 per annum, and at least 1 year of service for a promotion of $600 or more. However, the Civil Service Commission's order stated that the standards prescribing length of service and qualifications could be waived by the departments and agencies when in the opinion of the operating officials and personnel officers such action was warranted.

From the committee's investigations and analyses it is believed that a promotion rate above $600 per annum for any Federal employee in the same 12 months is extravagant and conducive to poor morale among the rest of the employees. Therefore, the committee believed that no exceptions to the above standards should have been allowed without complete investigations by the Civil Service Commission, and that decisions in connection therewith should have been made after all other promotion actions had been taken by the Commission.

The committee notes with approval that recently the Civil Service Commission has taken certain remedial steps to review promotion requests, and now requires that the Commission make a prior determination in each case. This is a step in the right direction. However, at the same time, the committee observes that the length-of-service and qualifications standards for promotion have been relaxed. The committee opposes such a policy, and believes that the standards pertaining to length of service laid down in the Commission's order of April 13, 1943 (see above), are sufficiently liberal, and that any further relaxation of these standards encourages waste.

NEW PERSONNEL REPORTING SYSTEM TO SAVE OVER $10,000,000

Mention was made in the first personnel report of the necessity of completely overhauling the present antiquated personnel reporting system. Having initiated the procedure for the new reporting system, the committee intends to continue its insistence that such a logical policy be instituted. It believes that the new system, if vigorously carried out by those in position to make it effective, will be of inestimable value in placing personnel and fiscal statistics of the Federal Government on a sound and concise basis for the first time in history. Advantages are obvious. It is estimated that the savings involved will amount to over $10,000,000 a year. In addition many fewer employees will be needed to perform personnel work. Consequently it is hoped that the new system will not be opposed on the grounds that it may involve partial loss of authority over groups of employees no longer needed in personnel statistics.

The committee is pleased to state that according to latest assurances from the Civil Service Commission and the Bureau of the Budget, the new system as advocated by the committee is being evolved and may be in actual operation by the beginning of 1944.

The necessity for a new personnel reporting system is not difficult to see. Many representatives of the various departments have concurred in the belief that the present system is of little practical value. Representatives of the Civil Service Commission, the Bureau of the

Budget, the War Manpower Commission, the Bureau of Labor Statistics, and Members of Congress, needing personnel information, have been forced to make their own investigations. Obviously the present report does not meet the required need.

In attempting to secure definite information on personnel, the Committee found no uniform classification system is at present in use in the Federal Government, approximately half of the employees being "ungraded," i. e., unclassified. The committee further learned that it was impossible to secure information on employment on a job-title basis, there being no occupational break-down of employees in the Federal Government. In other words, no one knew how many typists, how many engineers, how many economists, etc., were employed by the Federal Government.

Furthermore, the present system provides no adaptable method of securing information as to where Federal employees are located. When such information is desired, manual effort, involving great expense, is the only recourse. The committee believes that such information would be invaluable at the present time of manpower shortage, and envisions a future of Federal civilian employment demobilization when such need will be imperative.

Other difficulties with the present system are evident. The committee found that it does not require an adequate break-down of personnel in the departments and agencies by which study may be made of trends within large employee groups. Again in some cases figures given are only estimates "within 5 or 10 percent". In one agency the committee was told that the number of employees is arrived at by dividing pay-roll figures by an "average" wage. Field offices are dilatory or find it impossible to give figures as of dates requested. Sometimes there is a lag of 6 months before reports from continental United States are accumulated. Some offices have no permanent records at all but can give figures only as of today.

Through this new system, information regarding such personnel statistics as sex, age, occupations, geographic distribution, classification, grade, pay, service record, retirement record—all these will be readily available. As indicated, the proposed system envisages a complete roster of all Federal personnel based on actual occupational classifications in addition to such other information as may be deemed necessary.

By use of a card punch tabulation by a central servicing agency, a complete classification system may be set up based upon the schematic outline formulated by the Civil Service Commission. In this way a truly adequate break-down of jobs will be secured. Although this classification will include thousands of job designations, the tabulating machinery to do this is already in use in Government agencies. Not only will information become available as to present "classified" employees, but description of industrial positions—skilled and unskilled—will be made available.

The new personnel reporting system must, as far as is humanly possible, meet the present needs and such future needs as may be foreseen for all branches of the Federal Government. Such a report, required monthly by the Civil Service Commission, should contain all personnel information necessary to the various branches of the Government. The agencies themselves should be made aware of this and should be authorized and required to expedite issuance of such reports at stated intervals. The savings in curtailment of duplication of effort offset

any expense incurred, any strain upon manpower or time, and any initial confusion always present when a new system is inaugurated.

PERSONNEL REPORTS TO THE COMMITTEE

Until such time as this system becomes effective each department and agency of the Federal Government should make every effort to comply with the request of the Joint Committee on Reduction of Nonessential Federal Expenditures to submit monthly personnel and payroll reports by the 6th of each succeeding month. Some fail to do this.

Although the committee recognizes difficulties in some instances in securing information from distant field offices, it believes that, after 8 months of operation, the reporting machinery for each Federal establishment should be so adjusted as to meet this demand on time. The committee, therefore, expects each Government establishment to cooperate in securing this information and calls attention to title 6 of the Revenue Act of 1941, Seventy-seventh Congress, which empowers the committee to expect such cooperation.

EFFECT OF OVERTIME PAY LAWS

(Public Law 821, 77th Cong., and Public Law 49, 78th Cong.)

Information was furnished the committee by the Civil Service Commission and the Bureau of the Budget in the form of progress reports which reflect the true effect of the orders by the Bureau of the Budget in its attempt to reduce Federal civilian personnel, in connection with the first overtime pay law which extended from December 1, 1942, to April 30, 1943. These statistics reveal that the Bureau of the Budget failed to reduce the number of personnel in all departments and agencies who were subject to the provisions of the First Overtime Pay Act.

The committee believes that in the execution of the Second Overtime Pay Act the Bureau of the Budget should place limitations upon all civilian personnel subject to the provisions of the Second Overtime Pay Act in every department and agency.

The committee will more fully discuss the effects of the First and Second Overtime Pay Acts in a future report devoted entirely to that subject.

CONCLUSIONS

1. In June 1943, when the committee issued its first personnel report there were 3,095,463 paid Federal civilian employees, or approximately 90,000 more employees than in April, which was the latest month for which figures were then available. Today, the latest figure, which is for September, shows that there are 2,964,405 paid Federal civilian employees, of which 52.2 percent are not engaged in direct mechanical war production. Therefore, the committee finds that some progress has been made in reducing Federal employment, but not to the extent to which the committee finds is possible. Had it not been for a reduction of 139,968 employees in the War Department between June and September there would have been a net increase in the entire Federal service during that period of 8,910 employees. Further, the fact that the departments and agencies have requested that 180,000 additional employees be furnished them by the Civil

Service Commission shows that not all the departments and agencies are attempting to eliminate personnel.

2. Statistics furnished the committee by the Civil Service Commission relative to reductions in the number of Federal personnel which have been effected by the Bureau of the Budget under authority contained in the Byrd-Langer amendment to the First Overtime Pay Act show that while one-fourth of Federal employment was being reduced by 16,535, the other three-fourths of the Government service was being increased by 211,476, resulting in a net increase of 194,941 employees.

3. The committee observes that the Bureau of the Budget did not reduce the number of personnel in many agencies to whose employees the First Overtime Pay Act applied, and also that in those departments and agencies where limitations were placed upon the number of personnel, certain categories of employees subject to the act were excluded.

4. The committee finds that the Government's failure to produce a completely effective manpower utilization and war transfer program, which is administered by the Civil Service Commission, has resulted from the failure of the departments and agencies to coordinate properly their personnel activities. It costs, on the average, at least $57.95 to recruit, place, classify, and investigate a new Federal employee. This is wasted money when it is seen that thousands of new employees are being constantly recruited to fill positions which could be filled by employees already on the pay roll.

5. Statistics compiled by the committee show that in some agencies there is an unreasonably high between-grade promotion rate. During a 6-month period from December 1942 to May 1943, it was found that in the entire classified service 20.7 percent of the employees received at least one full grade promotion. Eight "old line" departments showed a similar rate of grade promotions—19.0 percent. However, 4 agencies show a grade-promotion rate above 40 percent, and 13 at or above 30 percent. These studies plus those in the committee's first personnel report show that many employees in the upper salary ranges are jumped four or more grades in a 2-year period or less, while other employees, as well qualified, wait many years for a single grade promotion.

6. The committee finds that there is a lack of coordination and cooperation between the various departments and agencies in supplying each other with information relative to new methods adopted to save manpower and Federal funds.

7. The committee finds that one of the reasons why the Civil Service Commission has been unable to execute a more effective manpower utilization program in the Federal Government is that the Commission is proceeding hesitantly since it believes a more authoritative approach would result in a hostile and noncooperative attitude on the part of the departments and agencies.

8. The committee finds that preliminary steps have been taken to institute a more economical and efficient Federal personnel reporting system.

RECOMMENDATIONS

1. The committee still recommends that a reduction of at least 300,000 paid Federal employees be promptly carried out by the departments and agencies of the Federal Government, and that the following methods be used to effect these personnel reductions:

(*a*) Immediate elimination of all personnel in those agencies or parts of agencies which have been ordered to liquidate as soon as possible.

(*b*) A reduction of at least 150,000 employees in the clerical category (clerical, administrative, and fiscal service) now employed by the War Department.

(*c*) A drastic curtailment in the number of employees in those agencies or parts of agencies engaged in nonwar, duplicating, and overlapping activities.

(*d*) Over-all reductions in personnel of from 100,000 to 200,000 paid employees throughout the entire Federal service, resulting from more efficient personnel management.

When the committee issued its first personnel report in June it recommended a reduction of 300,000 employees believing that there were 3,008,519 Federal civilian employees. Later figures showed that there were actually 3,095,463 Federal employees that month. Therefore the recommendation should have been a reduction of at least 390,000 employees. Since June, the all-time peak month for Federal employment, and the month in which the first personnel report was issued, there has been a reduction of 131,058 Federal employees.

The committee is aware that in bringing these wasteful and extravagant personnel practices to the attention of the Congress and the nation there has resulted a corresponding reaction in the executive branch of the Government. This reaction has taken the form of a slower rate of recruiting new employees, of an actual reduction of 131,058 in the number of Federal personnel since June, 1943.

2. Since the execution of the Byrd-Langer amendment in the First Overtime Pay Act did not result in reducing over-all Federal employment, the committee recommends that the Bureau of the Budget intensify its efforts to effect major reductions in Federal personnel by use of the authority contained in the Byrd-Langer amendment to the Second Overtime Pay Act, which is in addition to the Bureau's power to establish reserves in any Department or agency where funds already appropriated by Congress are not needed.

3. The committee recommends that in executing the Second Overtime Pay Act the Bureau of the Budget place definite limitations upon the number of personnel which may be employed in all departments and agencies to whose employees overtime compensation is provided, and that no category of employees be excepted unless excluded from the provisions of the act.

4. The committee recommends that the Civil Service Commission in executing its obligations under the Second Overtime Pay Act make certain that not a single new employee is recruited for a position which could be filled by an employee who is being released.

5. The committee recommends that a more uniform, equitable, and economical between-grade promotion policy be instituted immediately in all the departments and agencies, and that the Civil Service Commission in the future refuse to allow any exceptions to the standards prescribed by it in Departmental Circular No. 257, revision No. 2, dated April 13, 1943.

6. The committee recommends that all new methods and procedures, developed by any department or agency to save manpower and Federal funds, be transmitted to the Bureau of the Budget or to the Civil Service Commission for dissemination, where applicable, throughout the entire Federal Government.

7. The committee recommends that the Civil Service Commission, in conjunction with the Bureau of the Budget, immediately proceed to institute manpower utilization surveys throughout the entire Federal Government with a view toward reducing and more fully utilizing personnel in all departments and agencies in keeping with the purpose of War Manpower Commission Directive No. 10, and by February 1, 1944, report their findings to the President and to the Congress. To avoid the necessity of adding employees for these investigations, it is recommended that the Investigations Division of the Civil Service Commission be used for this purpose.

8. The committee recommends that measures be adopted to install the new Federal personnel reporting system so that it will be in full operation by January 1944.

[Due to the illness of Senator Robert M. La Follette, Jr., he was unable to join in the presentation of this report, therefore it does not necessarily represent his views.]

NOVEMBER 18, 1943.

Hon. HARRY F. BYRD,
Chairman, Joint Committee on Reduction of Nonessential Federal Expenditures, Senate Office Building, Washington, D. C.

MY DEAR MR. CHAIRMAN: Receipt is acknowledged of your letter of November 12, in which you request my comments, suggestions and approval of an additional report on Federal personnel.

As I stated in my letter of June 12, in connection with the committee's first report, I am in accord with the committee's views that the tremendous expansion in Federal personnel is a cause of serious concern, but it is my belief that it is not an opportune time to undertake drastic and far-reaching changes in Government personnel. While there may be some organizations which could make substantial reductions at this time, such reductions should only be made after a careful study rather than in an arbitrary manner.

I do not agree with the general implications in the report that the Civil Service Commission and the Bureau of the Budget have failed to exercise properly their assigned functions or that they are primarily responsible for many of the unfavorable personnel conditions mentioned in the report.

I am in sympathy with the committee's objectives, and except for the reservations made above, join in the committee's report.

Very truly yours,

H. MORGENTHAU, Jr.,
Secretary of the Treasury.

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D. C., November 20, 1943.

Hon. HARRY F. BYRD,
Chairman, Joint Committee on Reduction of Nonessential Federal Expenditures, Washington, D. C.

MY DEAR MR. CHAIRMAN: I cannot agree with the basic philosophy of the proposed report on Federal personnel. Reduction of personnel on the basis of an arbitrary quota would necessarily impair services which the Congress through legislation and appropriations has declared essential.

The staffing of Government agencies must be related to the specific functions and work load of each agency as established by law or imposed by the exigencies of world-wide war. Personnel needs can be determined only by systematic investigation on the basis of comprehensive and detailed knowledge of each operation and establishment. The Bureau of the Budget endeavors constantly to reduce personnel by suggesting improvements in organization and procedure.

The manpower utilization surveys which you suggest would constitute a fruitful intensification of our present efforts; this is one of the possibilities I had in mind in my recent discussions with the appropriations committees.

Sincerely yours,

(Signed) HAROLD D. SMITH, *Director.*

APPENDIX I.—*Between-grade promotions in executive agencies for 6-month period, December 1942 to June 1943, for classified and per annum employees*

Department	Jan. 1, 1943	Feb. 1, 1943	Mar. 1, 1943	Apr. 1, 1943	May 1, 1943	June 1, 1943	Total	Classified and per annum employment	Percent of total employment promoted
Agriculture	[1] 1,866	[1] 1,735	[1] 1,735	[1] 1,735	[1] 1,735	[1] 1,734	10,540	64,751	16
Commerce	866	964	881	909	1,000	956	5,576	22,547	25
Interior	[2] 706	313	379	419	361	383	2,561	25,598	10
Justice	1,340	1,061	1,013	1,144	1,019	873	6,450	30,650	21
Labor	117	108	85	564	202	251	1,327	6,078	22
Navy									
Post Office	342	248	271	165	104	105	1,235	16,955	7
State	256	232	144	550	679	500	2,361	8,043	29
Treasury	5,503	1,729	2,955	5,146	1,298	1,087	17,718	76,618	23
War									
Board of Economic Warfare	[1] 166	110	209	87	108	99	779	3,240	24
Bureau of the Budget	16	5	27	5	9	11	73	546	13
Office of Censorship	855	585	695	669	402	444	3,650	12,061	30
Office of Price Administration	2,277	1,872	1,895	1,528	1,167	1,941	10,680	52,680	20
Office of Strategic Services	169	52	66	115	110	120	632	1,477	43
Selective Service System	143	304	149	168	223	122	1,109	4,250	26
War Shipping Administration	135	152	106	79	99	57	628	2,902	22
National Resources Planning Board	12	19	9	5	8	6	59	280	21
Alien Property Custodian	25	27	20	53	35	49	209	1,080	19
Central Administrative Services	555	523	378	435	411	370	2,672	5,659	47
Office of the Coordinator of Inter-American Affairs	69	50	42	26	43	57	287	1,333	21
Economic Stabilization Board	0	0	0	0	0	1	1	6	17
Lend-Lease Administration	75	18	52	34	27	34	240	658	36
Liaison Office for Office for Emergency Management	2	0	0	0	0	3	5	12	42
Office of Civilian Defense	125	70	39	73	28	28	363	1,316	27
Office of Defense Transportation	118	117	124	104	112	80	655	4,246	15
Office of Scientific Research and Development	32	31	32	34	31	17	177	545	32
Office of War Information	296	252	107	197	97	162	1,111	3,603	31
National War Labor Board	107	128	66	89	65	52	507	1,640	31
War Manpower Commission [3]	197	150	115	208	199	126	995	3,675	27
War Production Board	1,799	1,497	1,189	538	277	467	5,767	20,260	28
War Relocation Authority	19	26	38	11	72	38	204	1,697	12
National Youth Administration	761	530	406	410	534	516	3,157	10,602	29
U. S. Employment Service	794	1,405	481	[4] 762	851	281	[5] 4,574	22,025	21
National Capital Housing Authority	12	8	6	9	5	10	50	246	20
American Battle Monuments Commission	0	0	0	0	0	0	0	4	0
Bituminous Coal Consumers' Counsel	1	3	0	0	2	2	8	35	23
Civil Aeronautics Board	31	2	9	16	23	6	87	305	28
Commission of Fine Arts	0	0	0	0	0	0	0	2	0
Board of Investigation and Research	7	5	2	13	0	1	28	169	17
Civil Service Commission	29	482	133	609	290	175	1,718	6,356	27
Employees Compensation Commission	16	20	12	6	1	9	64	524	12
Federal Communications Commission	109	64	118	115	47	71	524	2,151	24

See footnotes at end of table.

APPENDIX I.—*Between-grade promotions in executive agencies for 6-month period, December 1942 to June 1943, for classified and per annum employees*—Continued

Department	Jan. 1, 1943	Feb. 1, 1943	Mar. 1, 1943	Apr. 1, 1943	May 1, 1943	June 1, 1943	Total	Classified and per annum employment	[5]Percent of total employment promoted
Federal Deposit Insurance Commission	36	35	11	36	6	16	140	1,168	12
Federal Power Commission	29	43	15	25	29	17	158	680	23
Federal Security Agency	1,114	990	972	757	688	536	5,057	29,734	17
Federal Trade Commission	17	11	14[4]	4	12	8	66	488	14
Federal Works Agency	456	341	298	245	231	574	2,145	20,000	11
General Accounting Office	396	549	321	352	296	246	2,160	8,534	25
Government Printing Office	95	61	74	83	74	77	464	1,446	32
Interstate Commerce Commission	39	32	46	59	32	23	231	2,298	10
Library of Congress	53	58	36	55	16	22	240	1,422	17
Maritime Commission	167	388	296	435	388	301	1,975	8,266	24
National Advisory Committee for Aeronautics	54	1	38	515	370	130	1,108	3,767	29
National Archives	21	25	8	8	14	8	84	368	23
National Capital Park and Planning Commission	0	0	0	0	6	0	6	18	33
National Gallery of Art	7	3	4	7	2	2	25	240	10
National Housing Agency	[1] 621	711	523	726	677	573	3,831	18,417	21
National Labor Relations Board	133	83	43	28	20	13	320	816	39
National Mediation Board	0	0	1	1	0	0	2	79	3
Panama Canal	388	161	169	249	745	189	1,901	6,164	32
Railroad Retirement Board	[1] 202	27	95	135	151	76	686	1,632	42
Reconstruction Finance Corporation	724	295	311	492	239	117	2,178	8,208	27
Export-Import Bank	1	0	4	0	10	0	15	55	27
Securities Exchange Commission	59	39	54	50	37	39	278	1,319	21
Smithsonian Institution	4	6	4	7	0	3	24	408	6
Tariff Commission	16	13	16	10	4	1	60	310	19
Tennessee Valley Authority	299	893	355	717	708	367	3,339	12,364	27
U. S. Courts Administration	6	11	2	2	8	3	32	99	32
U. S. Tax Court	1	2	0	0	0	0	3	128	2
Veterans' Administration	1,266	1,476	599	471	374	455	4,641	44,228	10
Petroleum Administration for War	61	58	44	61	34	19	277	1,341	20
Total	26,213	21,209	18,341	22,560	16,845	15,059	120,227	580,822	20.7

[1] Averaged.
[2] Incomplete.
[3] Does not include Selective Service, National Youth Administration, and United States Employment Service.
[4] Average of other months.
[5] Estimated total.

78TH CONGRESS, 1st Session | SENATE | DOCUMENT No. 140

REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES

ADDITIONAL REPORT

OF THE

JOINT COMMITTEE ON REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES CONGRESS OF THE UNITED STATES

PURSUANT TO

SECTION 601 OF THE REVENUE ACT OF 1941

PROGRESS REPORT

DECEMBER 21 (legislative day, DECEMBER 15), 1943.—Referred to the Committee on Appropriations and ordered to be printed

UNITED STATES
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CONGRESS OF THE UNITED STATES

JOINT COMMITTEE ON REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES

CREATED PURSUANT TO SECTION 601 OF THE REVENUE ACT OF 1941

HARRY FLOOD BYRD, Senator from Virginia, *Chairman*

ROBERT L. DOUGHTON, Representative from North Carolina, *Vice Chairman*

SENATE	HOUSE OF REPRESENTATIVES
WALTER F. GEORGE, Senator from Georgia.	THOMAS H. CULLEN Representative from New York.
ROBERT M. LA FOLLETTE, JR., Senator from Wisconsin.	ALLEN T. TREADWAY, Representative from Massachusetts.
CARTER GLASS, Senator from Virginia.	CLARENCE CANNON, Representative from Missouri.
KENNETH McKELLAR, Senator from Tennessee.	CLIFTON A. WOODRUM, Representative from Virginia.
GERALD P. NYE, Senator from North Dakota.	JOHN TABER, Representative from New York.

HENRY MORGENTHAU, JR., *Secretary of the Treasury*

HAROLD D. SMITH, *Director of the Bureau of the Budget*

LETTER OF TRANSMITTAL

CONGRESS OF THE UNITED STATES,
JOINT COMMITTEE ON REDUCTION OF
NONESSENTIAL FEDERAL EXPENDITURES,
December 21, 1943.

The VICE PRESIDENT,
United States Senate, Washington, D. C.

SIR: In accordance with title 6 of the Revenue Act of 1941, Public Law No. 250, Seventy-seventh Congress, as chairman of the Joint Committee on Reduction of Nonessential Federal Expenditures, it gives me pleasure to present to you an additional report of this committee, which I ask that you lay before the Senate of the United States, with a view to its being printed as a Senate document.

Respectfully submitted.

HARRY F. BYRD, *Chairman.*

PROGRESS REPORT

DECEMBER 21, 1943.

Report to: The PRESIDENT OF THE UNITED STATES.
The VICE PRESIDENT OF THE UNITED STATES, PRESIDENT OF THE SENATE.
The SPEAKER OF THE HOUSE OF REPRESENTATIVES.

Pursuant to title 6 of the Revenue Act of 1941 (Public Law 250, 77th Cong.), approved September 20, 1941, the Joint Committee on Reduction of Nonessential Federal Expenditures was established in order to—

make a full and complete study and investigation of all expenditures of the Federal Government, with a view to recommending the elimination or reduction of all such expenditures deemed by the committee to be nonessential, and to report to the President and to the Congress the results of its study, together with its recommendation * * *.

ACCOMPLISHMENTS: OVER $2,000,000,000 SAVED

On December 24, 1941, prior to the President's Budget message to Congress, the Joint Committee on Reduction of Nonessential Federal Expenditures rendered a preliminary report to the President of the United States and to the Congress, in which reductions in 12 items, nonessential to the war effort, were recommended.

On July 25, 1942, the committee rendered a supplemental report to the President and to the Congress, in which it itemized the savings effected and indicated that further even greater savings might be made in purchasing, salaries, transportation, publicity, and overhead. Other economies in most, if not all, Government departments were suggested. During the committee's existence it has operated on an annual budget of about $10,000.

The committee has issued eleven reports:

1. Preliminary (S. Doc. 152, pt. 1, 77th Cong.).
2. Supplemental (S. Doc. 152, pt. 2, 77th Cong.).
3. Questionnaires required of the public (S. Doc. 4, 78th Cong.).
4. Federally owned passenger automobiles (S. Doc. 5, 78th Cong.).
5. Regional Agricultural Credit Corporation (S. Doc. 20, 78th Cong.).
6. Home Owners' Loan Corporation (S. Doc. 48, 78th Cong.).
7. National Youth Administration (S. Doc. 54, pts. 1 and 2, 78th Cong.).
8. Federal travel and communication expenses (S. Doc. 57, 78th Cong.).
9. Reduction of Federal personnel (S. Doc. 66, 78th Cong.).
10. Federal ownership of Real Estate (S. Doc. 130, 78th Cong.).
11. Federal Personnel (Additional Report) (S. Doc. 131, 78th Cong.).

In each instance recommendations were made to the President and to the Congress of the United States which, when carried out, would effect substantial economies. But in concentrating on the curtailment of overhead expenditures the committee has made every effort

to accomplish this saving in such a way as to contribute to the war effort rather than to interfere with it.

Results have been gratifying in some respects. In all a total savings of over $2,000,000,000 were effected in items which the committee recommended be curtailed. Three depression-born agencies—the Civilian Conservation Corps, the Work Projects Administration, and the National Youth Administration—are being, or have been, liquidated following recommendations of the Joint Committee on Reduction of Nonessential Federal Expenditures. These alone total savings of over $1,000,000,000 annually.

A detailed break-down of savings accomplished, following committee recommendations, is as follows:

Savings

FISCAL YEAR 1943

1. Congress followed the committee's recommendation that the Civilian Conservation Corps be abolished. Savings	$238, 960, 000
2. The committee recommended the abolition of all nondefense activities of the National Youth Administration. Congress eliminated a major portion of the National Youth Administration's nondefense program. Savings	83, 767, 000
3. The committee recommended drastic reduction of the Work Projects Administration's activities, which Congress accepted. Savings	540, 000, 000
4. The committee recommended deferment of land purchases, reduction of overhead costs, and curtailment of nondefense activities in the Department of Agriculture. Congress reduced the appropriation of the Department of Agriculture. Savings	195, 731, 208
5. The committee recommended that the farm tenant program be abolished. Congress reduced this appropriation. Savings	2, 270, 000
6. The committee recommended that the Farm Security Administration be abolished. Congress reduced the administrative expenses for the Farm Security Administration. Savings	26, 180, 000
7. The committee recommended a 50-percent deferment of expenditures for Federal highway projects. Congress reduced appropriations for this function by about one-third. Savings	50, 300, 000
8. Congress followed the committee's recommendation that nondefense public building construction be deferred. Savings	33, 148, 000
9. Congress limited appropriations to the Interior Department for nonessential public work projects to projects already under construction. This followed committee recommendations. Savings	56, 985, 000
10. The committee recommended cancelation of loan authorizations for farm-tenant programs. Congress reduced the amount authorized to be borrowed from the Reconstruction Finance Corporation for this program. Savings	17, 500, 000
11. The committee recommended cancelation of loan authorizations for the Farm Security Administration. Congress reduced the authorization for the Farm Security Administration to borrow from the Reconstruction Finance Corporation. Savings	22, 500, 000
12. The committee recommended that the nondefense Rural Electrification expansion program be deferred. Congress reduced the loan authorization of the Rural Electrification Administration to borrow from the Reconstruction Finance Corporation. Savings	90, 000, 000

Savings—Continued

FISCAL YEAR 1944

13. The committee recommended the abolition of the National Youth Administration. Congress accepted this recommendation. Savings	$56, 744, 000
14. The committee urged the complete liquidation of the Work Projects Administration's activities, which recommendation was accepted by Congress and the unexpended appropriation was returned to the Treasury. Savings	106, 168, 499
15. The committee recommended that publicity in the Federal Government be curtailed. Congress reduced the appropriation of the domestic operations branch of the Office of War Information. Savings	5, 811, 199
16. The committee recommended that overlapping and duplicating functions of the Federal Government be eliminated. Congress reduced the appropriation for the National Resources Planning Board. Savings	937, 922
17. The committee recommended that the Home Owners' Loan Corporation be liquidated. Congress reduced the authorization for administrative expenses. Savings	1, 857, 800
18. The committee continued to recommend that reclamation projects not connected with the war program be deferred. Congress reduced appropriations for these reclamation projects. Savings	52, 719, 470
19. The committee continued to recommend that work on rivers and harbors be deferred. Congress further reduced appropriations for these projects. Savings	181, 894, 100
20. The committee recommended that the Farm Security Administration be abolished. Congress reduced appropriations for administrative expenses. Savings	18, 022, 142
21. The committee recommended that the farm-tenant program be abolished. Congress reduced appropriations for administrative expenses. Savings	298, 930
22. The committee recommended the immediate liquidation of resettlement projects. Congress reduced the appropriation for administrative expenses. Savings	78, 961
23. The committee recommended cancelation of loan authorization for the Farm Security Administration from the Reconstruction Finance Corporation. Congress reduced the amount available for loan authorization from the Reconstruction Finance Corporation. Savings	37, 500, 000
24. The committee recommended cancelation of loan authorization for farm-tenant programs. Congress reduced the amount available for loan authorizations from the Reconstruction Finance Corporation. Savings	2, 500, 000
25. The committee continued to recommend over-all reductions in Federal personnel. Reductions, totaling 134,395, have been accomplished by act of Congress, through the application of the Byrd-Langer amendment to the overtime-pay law, and through voluntary action of various agencies. Savings	[1] 295, 669, 000
Total savings	2,117, 543, 231

[1] Excludes estimated salaries of employees reduced from agencies cited above for fiscal year 1943.

Many of the savings of the committee cannot be indicated exactly. For example, in addition to the stated reductions in Federal personnel, sharp curtailment in recruiting in certain agencies has been noted, occasioned, no doubt, by means of congressional action inaugurated by the Byrd-Langer amendment to the Overtime Pay Act, by the reports and recommendations of the committee, and by the activities

of the House Civil Service Committee. Consequently although hundreds of thousands of unnecessary Federal employees are still kept from more valuable war work by reason of their needless and duplicating activities, thousands of man-hours and considerable money have been saved already by restraining employment.

Similarly, since the committee's investigations and reports to Congress, the flood of questionnaires, reports, and forms required of the public by Federal agencies, threatening for a time the continued progress in the war effort, has been sharply reduced.

Other savings, difficult to estimate in extent, have been, or are being, effected. The committee has sponsored a new personnel reporting system in the Federal Government which, when carried out, will bring about an estimated savings of $10,000,000 in personnel reporting to the Civil Service Commission. Such a system, in addition to saving manpower and money in eliminating certain overlapping features of reporting requirements now in use, will provide detailed information on occupations and geographical distribution of employees never before obtainable. It is hoped that this system will remove the present confusion resulting from recent changes in reporting procedure installed by the Civil Service Commission.

The question of the disposition, use, and sale of waste paper from the Federal establishment is being studied by the committee, which hopes to make early recommendations to eliminate the misuse of this no longer small item. Steps are being taken to curtail the irresponsible use of federally owned passenger automobiles and trucks and its resultant waste of manpower, gasoline, and rubber. Travel and communication expenses of executive agencies have been brought to the eyes of the Appropriations Committees of the Congress and further reductions may be expected. The Home Owners' Loan Corporation is at present in the process of gradual liquidation. The question of Federal purchase of large tracts of land is being studied and recommendations will be made which will attempt to promote savings to the Nation and to the several States.

In addition, the committee has provided numerous legislative and executive groups with information and advice pertinent to the savings of expenditures. The House of Representatives Civil Service Investigating Committee has secured from the Federal departments and agencies copies of the monthly personnel report regularly sent to the Joint Committee on Reduction of Nonessential Federal Expenditures. Moreover, the Civil Service Commission, the Bureau of the Budget, the Labor Department, the Department of Commerce, the House Special Committee on Draft Deferments, the House of Representatives Select Committee to Investigate Acts of Executive Agencies Beyond the Scope of Their Authority, the House of Representatives Special Committee to Investigate the Farm Security Administration, as well as numerous individual Members of Congress, have availed themselves of the committee's investigations, statistics, and personnel.

Future Program

In July 1942 the committee stated that the economy surface has merely been scratched. What has been accomplished is considerable. What remains to be done is still greater. On the basis of information received by the committee, a gigantic task faces it in the coming year.

In general, the committee will continue its investigations as outlined in the preliminary report (S. Doc. 152, pt. 1, 77th Cong.). That is to say, it will continue to examine all Federal expenditures, particularly military expenditures, to determine where reductions can be made. It will probe more deeply into the activities of Federal departments for examples of duplication of functions. The committee will examine purchasing, classification, salaries, transportation, publicity and other items of expense to determine where further economies may be made. It will also continue to make recommendations to eliminate waste and inefficiency in administration of war and nonwar activities.

Specifically, in the future, the committee intends to investigate and make recommendations on the following subjects:

1. The committee will investigate the large appropriations for the continuance of normal peacetime and nonwar activities, which have been placed in the category of war activities.

2. Investigations will continue regarding the unexpended balances of the War and Navy Departments, the Maritime Commission and the War Shipping Administration, as well as those amounts which are now obligated on a contractual basis, with a view toward returning portions of these large balances to the United States Treasury.

As shown by the following table the unexpended appropriations of these departments and agencies totaled $186,000,000,000 in September 1943, of which $92,000,000,000 are unobligated balances of unexpired appropriations which means they do not have any orders placed, contracts awarded, services received, or any other transaction charged against these funds, and they are available for expenditures.

	Unexpended balances
War Department	$118, 909, 963, 187
Navy Department	58, 609, 475, 565
War Shipping Administration	2, 590, 350, 007
U. S. Maritime Commission	6, 675, 595, 038
Total	186, 785, 383, 797

The committee will urge an investigation of these huge unobligated balances by the Appropriations Committee to determine whether additional appropriations will be needed until such time as all the outstanding unobligated balances have been encumbered.

3. The committee will continue its investigation of nonessential personnel in the hope of eliminating 400,000 or more nonessential employees from the June 1943 peak of 3,095,463 paid Federal civilian employees. The committee believes that there is a great opportunity, particularly in the war agencies, to reduce administrative expenses which, if effected, will strengthen these agencies. Duplication of function and overlapping of personnel must be eliminated. Indiscriminate hiring where it exists must cease. Hearings will continue to be held to determine where needless personnel may be eliminated.

4. The committee will continue to examine Government-owned corporations to ascertain whether present loan policies, in the light of added budgetary commitments and changed conditions, are still advisable.

5. Continued efforts will be made to reduce needless travel and communication expenses. A Federal automobile pool, together with a strict accounting of automobile use, has been recommended in the hope of further savings in critical materials and money.

6. Certain duplicating and useless functions of agencies within the Department of Agriculture, notably the separate functioning of some 20 agricultural lending agencies and allied groups, will be brought to the attention of Congress again in the hope that these will be consolidated.

7. All new adventures and commitments in public works and similar costly governmental programs which may be undertaken will be carefully watched. The committee will particularly scrutinize the practice of creating agencies to handle some new phase of the war work where it is possible for an existing agency to assume this function.

8. The failure of the Civil Service Commission to execute a sufficiently intensive Federal manpower-utilization program which function was delegated to it by the War Manpower Commission will continue to engage the attention of the committee.

9. The inequitable promotion policies of the various agencies involving skip-grade promotions and violations of the Classification Act of 1923 will be studied further and recommendations will be made

10. As directed by Congress, the committee intends to investigate the penalty mail privilege exercised by the various establishments to determine whether excessive use is being made of this privilege and if economies may be effected.

THE NECESSITY FOR ECONOMY

The Federal Government must unfalteringly carry during this coming year the heaviest load ever imposed on any country. Total expenditures in the fiscal year June 30, 1943, were $78,182,348,641—more than double the expenditures for the previous year. Average monthly expenditures for war purposes alone were a little more than $6,000,000,000—well over $8,000,000 an hour; and we are told that these may be increased. The Federal debt which stood at $61,000,000,000 at the start of the war has risen to the unprecedented heights of about $170,000,000,000. For the first time in history this Nation must now speak of its debt in terms of 12 figures.

While it is true that our national income is increasing, yet our per capita debt has been quadrupled in 4 years. In 1938 the debt was $285; today it is $1,204. At the close of the last war it was $250 per capita. In more realistic terms, the present debt of each taxpayer in the country is about $3,500. The interest load on this public debt is in itself staggering, it being estimated that the interest on Government borrowing alone is $2,700,000,000 per year.

It is estimated that revenue from our present tax system will produce $41,000,000,000 for the fiscal year 1944. Of this, only $7,000,000,000 comes from "pay as you go" income taxes. The present deficit (for fiscal year 1944) will be $57,000,000,000.

Even today the country as a whole does not feel the full impact of this debt load, for the financial horizon gives no promise of early relief, but rather a greater burden in the future. There was a time when the Federal income tax was called a rich-man's tax; the masses believed that they would benefit and that the wealthy would pay the bill. Today all that has changed. From now on our Federal expenditures will be traced directly to tax burdens in the lower-income brackets, it being estimated that 50,000,000 people will now file income-tax returns.

The Secretary of the Treasury must have had a similar idea in mind when he stated: "For the first time in our history the income tax is becoming a people's tax."

There can be no illusions as to this debt; for the welfare of the country it must and shall be paid. There are those economists who, advancing the "new philosophy of public debt," are brash enough to state that the debt need not be paid; that a gradually expanding public debt is healthful to a country with a "mature economy"; that continual pump priming is an economic necessity to the United States in the future. The committee sharply takes issue with such a philosophy, believing, as it does, that public confidence in the financial integrity of a country—the acknowledgment of its obligations—is necessary to the economic stability of that country. No nation may safely repudiate a debt and retain the confidence of its citizens. No nation which has lost the confidence of its citizens may remain a democracy.

One method of combating the latter is by elimination of nonessential expenditures. As can be seen from this report much has been done toward reducing nonessential expenditures, but much more remains to be done.

The committee believes it imperative that every effort be made to streamline the Federal Government, to reduce to a minimum all expenditures not implicitly furthering the successful prosecution of the war. It is not enough that expenditures are curtailed in a few instances, nor is it sufficient that a handful of employees are transferred from one nonessential function to another nonessential function. Nor is it enough to combine one group of offices with another, merely to erect a new superstructure at their head. Rather the value of each employee, each office, and each dollar expended must be consciously weighed in its relation to the welfare of the people of the Nation. Agencies which have been built on years of depression must be abolished. The nonwar activities of those establishments not devoted entirely to war work must be curtailed. Bureaucratic policies which sap the Nation of both financial solidity and a surplus of manpower must be eliminated. Only in so doing may the Federal Government do its part in preparing for an economically sound post-war nation.

Thus the committee feels that just as it is the patriotic duty of all citizens to reduce their spending to a minimum, so it is even more the patriotic duty of the Congress of the United States to curtail irreducibly all nonessential expenditures. That the people will hold this Congress strictly accountable for all wasteful or extravagant appropriations which divert sorely needed funds from the war effort is self-evident. Consequently it is hoped that Congress will continue to participate actively in this endeavor to provide a checkrein on runaway nonessential spending wherever it is found.

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D. C., December 17, 1943.

Hon. HARRY F. BYRD,
Chairman, Joint Committee on Reduction of Nonessential Federal Expenditures, Washington, D. C.

MY DEAR MR. CHAIRMAN: While the progress report of the committee includes much that I endorse, I cannot sign it in its present form.

I think there is no basis for asserting, as this report does, that "hundreds of thousands of unnecessary Federal employees are still kept from more valuable war work by reason of their needless and duplicating activities," or for implying that there are "400,000 or more nonessential employees."

If I were to sign this report, I would be in the position of predetermining judgments about Federal personnel which I am required by law to make quarterly.

Sincerely yours,

HAROLD D. SMITH, *Director.*

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