

EUGENE G. ARETZ

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JANUARY 31, 1956.—Committed to the Committee of the Whole House and ordered to be printed.

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Mr. LANE, from the Committee on the Judiciary, submitted the following

R E P O R T

[To accompany H. R. 7373]

The Committee on the Judiciary to whom was referred the bill (H. R. 7373), for the relief of Eugene G. Aretz, having considered the same, report favorable thereon without amendment and recommend that the bill do pass.

PURPOSE

The purpose of the proposed legislation is to relieve Eugene G. Aretz of all liability to refund to the United States the sum of \$410.40 which he received as excess compensation as an employee of the Naval Ordnance plant at Indianapolis, Ind. This amount represents compensation paid him as the result of a promotion approved June 24, 1951, before the expiration of a 52-week waiting period required by section 701 (a) of the Classification Act of 1949 (63 Stat. 967).

STATEMENT OF FACTS

Mr. Aretz was erroneously granted a periodic step increase on June 24, 1951, which should not have been granted him until December 4, 1951. As explained in the report of the Department of the Navy which is appended to this report, the overpayment was made to Mr. Aretz entirely as the result of the misinterpretation of pertinent regulations by administrative personnel. Mr. Aretz was in no way aware of or, responsible for, the actions which resulted in the overpayment. The facts concerning this promotion are more fully set forth in the letters appended to this report. These letters also show the hardship which the requirement of repayment is placing on Mr. Aretz. Unless he is accorded the relief provided for by this legislation, his pay will continue to be subject to a deduction of \$7.90 per week until the full amount of the \$410.40 has been refunded.

The committee finds that this reduces Mr. Aretz's take-home pay to the point that an unfair hardship is caused him. This is especially true when it is considered that the overpayment was caused by some other person's misinterpretation of applicable laws and regulations.

The committee therefore agrees with the recommendation of the Department of the Navy that Mr. Aretz should be accorded the relief provided for by the bill. Despite the exception taken by the Civil Service Commission, this committee recommends the favorable consideration of the bill.

The report of the Department of the Navy and the attached copy of the letter of Mr. Philip Young, Chairman of the United States Civil Service Commission, are as follows:

DEPARTMENT OF THE NAVY,  
OFFICE OF THE JUDGE ADVOCATE GENERAL,  
Washington, D. C., December 5, 1955.

Hon. EMANUEL CELLER,  
*Chairman, Committee on the Judiciary,  
House of Representatives, Washington, D. C.*

MY DEAR MR. CHAIRMAN: Reference is made to your letter of July 26, 1955, to the Secretary of the Navy requesting comment on H. R. 7373, a bill for the relief of Eugene G. Aretz.

The bill would relieve Mr. Aretz of liability to refund to the United States the sum of \$410.40. This amount represents compensation in excess of that which should properly have been paid to Mr. Aretz inasmuch as the periodic step increase granted him on June 24, 1951, should not, under section 701 (a) of the Classification Act of 1949, have been granted until December 4, 1951. The General Accounting Office has taken exception to Mr. Aretz's accounts for the excess compensation involved.

A review of Mr. Aretz's records by the Department of the Navy indicates that he was in no way aware of or in any way responsible for the improper actions which resulted in overpayment. Inasmuch as the overpayments were without fault on the part of Mr. Aretz and due entirely to misinterpretation of pertinent regulations by administrative personnel, it is considered equitable and fair that he be relieved from the financial hardship of refunding the overpayment.

Therefore, the Department of the Navy recommends that H. R. 7373 be enacted. The Bureau of the Budget has advised that there is no objection to the submission of this report but has requested that the enclosed letter from the Civil Service Commission relating to H. R. 7373 be forwarded to your committee.

For the Secretary of the Navy.  
Sincerely yours,

IRA H. NUNN,  
*Rear Admiral, USN,  
Judge Advocate General of the Navy.*

CIVIL SERVICE COMMISSION,  
Washington, D. C., November 21, 1955.

Mr. ROGER W. JONES,  
*Assistant Director, Legislative Reference,  
Bureau of the Budget, Washington, D. C.*

DEAR MR. JONES: This is in reply to your letter of September 22, 1955, asking for our comment on H. R. 7373, a bill for the relief of Eugene G. Aretz.

This bill would relieve Mr. Aretz of liability to refund the sum of \$410.40 to the United States, the amount of salary overpayments made to him by virtue of his being erroneously granted a periodic step increase before expiration of the waiting period required by section 701 (a) of the Classification Act of 1949, as amended.

The Commission does not favor enactment of this bill.

We believe that to relieve Mr. Aretz of liability to refund the overpayments would be unfair to other employees. It would give him an advantage over those employees who completed the required waiting period before receiving the periodic step increase. It would give him special advantage with respect to other employees from whom the Government has recovered erroneous salary payments.

In the interest of equitable treatment of employees generally, we believe that we must oppose enactment of the bill even though Mr. Aretz was personally in no way at fault. Accordingly, as stated above, the Commission does not favor enactment of H. R. 7373.

By direction of the Commission:  
Sincerely yours,

PHILIP YOUNG, *Chairman.*

INDIANAPOLIS, IND., December 13, 1955.

Hon. CHARLES B. BROWNSON,  
*House of Representatives,*  
*Washington, D. C.*

DEAR MR. BROWNSON: In compliance with your letter of December 9, 1955, I am enclosing a notarized copy of my original letter to the Industrial Relations Department of the Navy, dated April 4, 1955.

I would also like to call to your attention the fact that deductions are being made from my weekly pay checks at the rate of \$7.90 per week. These deductions are being made without my consent and the disbursing officer here at NOPI informed me that he has no choice in the matter, since he is acting on orders from the Comptroller General in Washington, D. C. These orders state that he must either collect or make arrangements to collect the full amount owed within a 1-year period beginning August 1, 1955. This action reduced my take-home pay to \$64.35 per week, mighty low pay for a skilled trade with almost 20 years experience in the same line of work. My only deductions other than the compulsory ones total less than \$4.50 per week for bonds and insurance.

Thank you once again for your continued interest in this case and please note my new mailing address.

Sincerely yours,

EUGENE G. ARETZ.

STATE OF INDIANA,  
*County of Marion, ss.*

Personally appeared before me, a notary public, Eugene G. Aretz, this 14th day of December 1955.

[SEAL]

DORIS E. BEGLIN,  
*Notary Public.*

My commission expires April 4, 1959.

APRIL 4, 1955.

From: Eugene Aretz, 237-13983.  
To: Head, Industrial Relations Department.  
Subject: Error in pay rate; objection to.

1. I have recently been informed that a periodic pay increase granted me on June 24, 1951, was not in accordance with regulations covered in NCPI 195 section 4 and as a result I now owe the United States Government the sum of \$410.40. I should like to acquaint you with the facts in this matter so that you may decide whether or not you feel, as I do, that this action would be both unfair and unwarranted.

2. I began employment at NOPI in June 1948 as a radio mechanic, first step, and progressed normally to the third step rating which was tops at that time. Since there seemed to be little or no opportunity to advance further I changed to a per annum rate in inspection as a means of bettering myself. This change gave me an increase in pay of less than 1 cent per hour. I was earning \$1.89 per hour as a radio mechanic and my new pay rate was \$3,950 per annum. This change went into effect in February 1951 and I was verbally informed that I would become eligible for a periodic increase in June of the same year since that would constitute 1 year's waiting period since my last equivalent increase. This increase was granted me, as agreed and that is where the trouble started. There were 2 per diem pay adjustments, 1 in December 1950 and 1 in January 1951, both of which occurred after I made third step radio mechanic. According to the above-mentioned regulation this changed all my waiting periods.

3. I firmly believe this interpretation is grossly unfair in my case for the following reasons:

(1) I accepted my per annum rate and all subsequent increases in good faith and with no intent of fraud.

(2) I am placed in the peculiar position of being forced to pay, not only for an oversight on the part of the Personnel Section of this station, but also for the Government Accounting Office which examined the personnel records at this station in 1952 and then came back approximately 3 years later in 1955 and said the error occurred in 1951.

(3) If, at any time after this error was made, some one had told me I had to take a 6-cent an hour cut, I would have either quit or transferred back to my old rate as a radio mechanic.

(4) After I was promoted from GS-6 to GS-7 inspector, I was assigned to take charge of the inspection of all special-test devices. It was my job to draw all necessary prints and equipment, to arrange bench-test setups and procedures and to prepare test-data forms, all subject to approval of my own supervisor and the project engineers involved. Because most of these projects were too large for me to meet schedules working alone, I was assisted by other inspectors who were assigned to me when and as required to meet schedules. Because of the involved nature of these tests, the inspectors assigned to me were usually radio mechanic inspectors, or GS-6 and GS-7 inspectors. If I am forced to pay back this money I will have spent more than 3 years supervising employees who were paid more than I was. I would also like to point out at this time that when I was assigned help it was after I had worked out the methods and procedures to be used.

(5) Even without returning this so-called overpayment I feel I was underpaid for the work I was performing. This is borne out by the fact that I transferred back to my old radio mechanic rate before this error was uncovered by the Government Accounting Office.

(6) Persons who were hired as radio mechanic inspectors, first step, up to 1 year and more after I was in my third step had a higher rate of pay than I had at the time of my latest transfer, if this ruling is adhered to.

(7) In December 1949, I passed a written test for a leadingman examination. Due to our expansion shortly after my transfer to a per annum rate, a large percentage of the men in my pay grade were promoted to supervisory positions, including some who started work here after I transferred. In view of my work record here, I feel sure that I would have been considered for a snapper position, so that by now I could have been a radio mechanic leadingman. At the time I took this test I was declared ineligible for lack of sufficient supervisory experience, which I could have gained at a snapper's level. If I had been warned in time about the error in my pay rate, I would have immediately requested a transfer back to assembly at the time this expansion was taking place. In this respect, I feel my lost opportunities were worth much more than the amount of my overpayment. Asking me to pay back this money is adding insult to injury, to my way of thinking.

(8) I expect to move into a new home any day now. This home was purchased on a VA-approved loan which I secured by stating among other things, that I had absolutely no outstanding debts of any kind. An unfavorable decision on this matter could brand me a liar and a cheat.

(9) I understand the United States postal service is having similar difficulties with some of its employees, and that an attempt is being made to secure congressional action to cancel these debts. I would like to believe that the Navy Department thinks as much of its employees as the Post Office does of theirs.

4. I could mention numerous other reasons to show why I believe this to be a justifiable protest, but the above-mentioned should be more than sufficient to convince any fair-minded person that to expect me to repay this money would be contrary to any American principles of justice.

5. I respectfully request a written reply to this letter at your earliest convenience, as any extended uncertainty in this matter is bound to affect my performance on the job.

Very truly yours,

EUGENE G. ARETZ.

STATE OF INDIANA

County of Marion, ss:

Personally appeared before me, a notary public, Eugene G. Aretz this 14th day of December 1955.

[SEAL]

DORIS E. BEGLIN,  
Notary Public.

My commission expires April 4, 1959.

CONGRESS OF THE UNITED STATES,  
HOUSE OF REPRESENTATIVES,  
Washington, D. C., July 25, 1955.

Hon. THOMAS J. LANE,  
Chairman, Subcommittee on Claims, House Committee on the Judiciary,  
House Office Building,  
Washington, D. C.

DEAR COLLEAGUE: On July 13, 1955, I introduced a bill, H. R. 7373 for the relief of Eugene G. Aretz, which I understand has been referred to your subcommittee for consideration.

Mr. Aretz is an employee of the Naval Ordnance plant at Indianapolis, Ind., who has been notified that he owes \$410.40 to the Government because of an overpayment in salary.

The overpayment resulted from an administrative error in effecting a periodic step-increase, June 24, 1951, which was within 28 calendar weeks from the date of the last equivalent increase in compensation, namely, a wage board pay adjustment of 15 cents per hour December 4, 1950. The waiting period of 52 calendar weeks of service required by section 701 (a) of the Classification Act of 1949, 63 Statute 967, would not have been completed until December 2, 1951; therefore, the proper effective date should have been December 9, 1951—that date being "the beginning of the next pay period following the completion of \* \* \* 52 calendar weeks of service" since the last equivalent increase in compensation.

The premature effective date of the above step-increase resulted in a further error in establishing the initial salary rate in the higher grade when promoted from grade GS-6 to GS-7, November 11, 1951. The promotion was processed from GS-6 (f), \$4,420 per annum to grade GS-7 (d), \$4,295 per annum to grade GS-7 (c), \$4,455 per annum. Each additional step increase thereafter perpetuated the error by increasing the salary rate one step in excess of that authorized by the provisions of the Classification Act of 1949.

Quite frankly, I have been told that the General Accounting Office will not recommend relief for Mr. Aretz by private legislation on the grounds that an avenue would be opened for a considerable number of such requests from other Government employees similarly overpaid. However, it is my personal feeling that this debt was incurred by Mr. Aretz through no fault of his, the error was not discovered by the General Accounting Office within a reasonable period for correction, and to repay the sum at this time would create a hardship for the respondent. Therefore, I would greatly appreciate your consideration of H. R. 7373.

I am enclosing a letter concerning this matter from Capt. R. F. Scott, commanding officer at the Naval Ordnance Plant, Indianapolis.

Sincerely,

CHARLES B. BROWNSTON.

NAVY DEPARTMENT,  
UNITED STATES NAVAL ORDNANCE PLANT,  
Indianapolis, Ind., July 6, 1955.

Hon. CHARLES B. BROWNSTON,  
House of Representatives,  
Washington, D. C.

MY DEAR MR. BROWNSTON: Your letter of July 1 asked an opinion from this command relative to your tentative decision to support private legislation relieving Mr. Eugene G. Aretz from refund of salary overpayment made by this station.

The expression from the General Accounting Office as quoted in your letter is, understandably, impersonal and objective, and is not an attempt to evaluate the case upon its individual merit.

Some time ago, I acquainted myself with the circumstances which led to the overpayment, and am convinced that Mr. Aretz has acted in all good faith throughout the period in question. Since refund of over \$400 in accordance with the terms set forth by the General Accounting Office could not be accomplished without some financial hardship, I concur with your provisional opinion that relief by legislation would be most desirable.

This activity considers Mr. Aretz to be an excellent employee, and I appreciate very much your efforts in his behalf.

Very truly yours,

R. F. SCOTT,  
Captain, USN, Commanding.



