

H.R. 3006—INCREASE RATES OF BASIC PAY FOR MEMBERS OF UNIFORMED SERVICES

HEARINGS
BEFORE
SUBCOMMITTEE NO. 1
COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES
EIGHTY-EIGHTH CONGRESS

ON

H.R. 3006

TO AMEND TITLE 37, UNITED STATES CODE, TO
INCREASE THE RATES OF BASIC PAY FOR MEM-
BERS OF THE UNIFORMED SERVICES, AND FOR
OTHER PURPOSES



FEBRUARY 26, 27, 28, MARCH 5, 6, AND 7, 1963

Printed for the use of the Committee on Armed Services

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Eighty-Eighth Congress, First Session

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[No. 6]

SUBCOMMITTEE NO. 1 CONSIDERATION OF H.R. 3006, TO AMEND
TITLE 37, UNITED STATES CODE, TO INCREASE THE RATES OF
BASIC PAY FOR MEMBERS OF THE UNIFORMED SERVICES, AND
FOR OTHER PURPOSES

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
SUBCOMMITTEE NO. 1,

Washington, D.C., Tuesday, February 26, 1963.

The subcommittee met, pursuant to call, at 10:07 a.m., in room 313-A, Cannon Building, Hon. L. Mendel Rivers (chairman of the subcommittee) presiding.

Mr. RIVERS. Let the committee come to order.

Members of the subcommittee, ladies and gentlemen, we are beginning here today on H.R. 3006, the most important legislative item this subcommittee will consider this year insofar as the personnel of our armed services are concerned.

I would like to say at the outset that while we normally think of the armed services as consisting of the Army, Navy, Air Force, and Marine Corps, and Coast Guard when serving with the Navy, nevertheless the pay scales that we write into law also cover the commissioned officers of the Public Health Service and the Coast and Geodetic Survey. Thus, there are seven services involved when we refer to the uniformed services.

Before we hear our first witness today, I would like to make some observations about this proposed legislation.

I have had an opportunity to study the bill and I have arrived at certain conclusions as a result of that study which lead me to the conclusion that the bill should be modified in several major respects.

The bill covers 19 separate items.

The first and most important part of the bill is section 2 which contains the new proposed basic pay scales. The increases recommended range from \$1.80 per month for an E-1 recruit to \$120 a month for an E-9 sergeant major so far as enlisted personnel are concerned.

The increases range from \$27.70 a month for second lieutenants to \$95 a month for the highest officer grade.

The increases in basic pay alone, on an annual basis, will exceed \$985 million.

In general, I believe the recommended basic pay increases are reasonable. For the first time in 13 years the entering pay of second lieutenants and privates will be increased.

The major increases will be found in certain career enlisted points and at certain critical points in the officer pay scales.

(1397)

General and flag officers, for practical purposes, receive only a cost-of-living increase.

I believe some minor adjustments should be considered by the subcommittee, particularly in the E-4 grade, where an increment in pay has been cut back from the "over 8 years of service" point to the "over 6 years of service" point, and in the W-4 grade where the maximum pay, just as in existing law, does not become effective until the W-4 has completed 30 years of service. Since the law requires a W-4 to retire 60 days after the completion of 30 years of service, it would make better sense to me if that maximum increase took effect at the "over 26 year" point—because to me it seems senseless when it gets to 30 years, you kick him out and he doesn't get the benefit of it, so let him get the benefit of it when he gets the promotion.

With these exceptions, however, I find myself in general accord with the proposed pay scales. Certainly they are modest, and in no instance could they be called excessive. In many areas military personnel will still draw far less pay than their civil service counterparts, but nevertheless any pay increase is welcome to the recipient, and I recognize the fact that there are financial limitations that must be acknowledged.

But there are 18 other items in this bill which must be discussed.

I am not in agreement with section 2(b) of the proposed legislation which will be found on page 3 of H.R. 3006. This section, in effect, provides that a member of the Reserves who is performing inactive duty training for which he is entitled to pay will be paid under existing pay scales and will not benefit by the proposed new rates.

I cannot agree to a proposal that discriminates between an obligated reservist and an unobligated reservist. These young men have all served on active duty in one service or another while some of their civilian friends have never performed any military service whatsoever.

To discriminate between a reservist who has not fulfilled his reserve obligation and the reservist who continues his inactive duty training on a voluntary basis is unwise, and as far as I am concerned, I hope that section of the bill will be eliminated.

On page 4 of H.R. 3006 is section 4, entitled "Constructive Service Credit for Purposes of Appointment, Promotion, and Basic Pay." This section seeks to extend the awarding of constructive credit to those who hold postgraduate degrees in professions that are not now recognized for that purpose in existing law.

As you know, we award constructive credit today to physicians, dentists, veterinarians, lawyers, chaplains, and certain individuals who hold Ph.D.'s in sciences allied with medicine.

But under existing law, there is no method by which other individuals can be awarded constructive credit for appointment, promotion, and pay purposes.

As you will note in the analysis of this section, only physicians and dentists may now count their constructive credit for longevity pay purposes. This section would grant all who are awarded constructive credit the right to count that credit for longevity purposes. I do not quarrel with the concept. But the section, in my opinion, does not belong in a pay bill.

This is basically a promotion and appointment problem, and I would rather see this section considered in the so-called Bolte proposal rather than take the time to discuss its feasibility in this pay proposal.

I would also call your attention to the fact that this section as written would vest in the Secretary concerned the authority to determine what postgraduate degrees would be recognized. I do not believe we should delegate this authority; I believe Congress and Congress alone should make the determination as to which postgraduate degrees will be so recognized. But beyond that, I would also call your attention to the fact that this section is not retroactive except for those who entered on active duty or were commissioned, or enlisted, less than 3 years ago. In other words, while this section would provide constructive credit to a newly commissioned lawyer, which he could count for pay purposes, it would only be applicable to a lawyer hereafter appointed, or a lawyer who has only served 1 or 2 years on active duty.

This means that lawyers and others entering on active duty would receive longevity credit for their constructive service, but lawyers and those with postgraduate degrees already on active duty will not receive longevity credit, presumably on the theory that they have already served 3 or more years and therefore are drawing longevity credit for that period of time.

In my opinion, this section requires far more consideration, and therefore I will recommend that this section be deleted from the bill so that the matter may be considered more fully at a later date.

Now, if you will turn to page 11 you will find the section entitled "Retired Pay and Retainer Pay."

This, of course, is a highly controversial section in the minds of many people. I would remind the subcommittee that in 1958 the Congress departed from the traditional concept of applying existing pay scales to the retired pay of those who had retired prior to the enactment of new pay scales.

It is probably not correct to say that we fully departed from tradition in 1958 because in 1949 we completely rewrote the disability retirement laws and, as a result, many thousands of personnel retired for disability, who did not have a sufficient degree of disability or sufficient length of service to qualify under the 1949 pay scales, have continued to draw their retirement pay under the 1942 Pay Readjustment Act. However, they received cost-of-living increases in 1952, 1955, and 1958.

The section before you provides that individuals retired prior to June 1, 1958, who are paid under the Career Compensation Act, may recompute their retirement pay under the present pay scales that went into effect on June 1, 1958, and, in addition, receive a 5-percent cost-of-living increase in their retirement pay. Therefore, all those in receipt of retirement pay will be placed on an automatic cost-of-living adjustment basis.

In other words, the section provides that each year a determination will be made as to the cost of living, and whenever the cumulative effect of the increase in the cost of living equals 3 percent or more, retirement pay will be adjusted to the nearest one-tenth of 1 percent to reflect that increase.

Now this makes the issue clear cut. The Congress is asked to decide once and for all which policy shall apply in computing military retirement pay.

There will be many persons who will argue that we should not depart from the old tradition of computing retirement pay on the basis of new pay scales. There are others who recognize the fact that there are nearly 350,000 military personnel on the military retired lists and that this number is growing by 50,000 or more each year. Retirement costs for military personnel alone exceed \$1 billion annually, and will exceed \$3 billion annually in the years ahead.

The proposal submitted by the Department of Defense permits a large group of officers and enlisted personnel to recompute their retired pay under existing pay scales.

Now I think I should remind the subcommittee that in 1958 we provided some rather substantial pay increases, particularly for the senior officers and noncommissioned officers. As a result, there has been widespread dissatisfaction among the more senior retired personnel who, because they retired prior to June 1, 1958, were not able to compute their retirement pay under the higher pay scales that went into effect on that date.

These individuals, under the proposal before us, will be allowed to recompute under the higher pay scales provided in the 1958 law, but they will not be permitted to recompute their retirement pay on the proposed new pay scales in this legislation.

However, the pay increases recommended for the general and flag officers in the proposed legislation are approximately 5 percent, and all retired personnel will receive a 5-percent increase in their retired pay under the proposed legislation.

Dollarwise, therefore, there will be relatively little difference for these more senior officers.

On the other hand, those now retired are concerned about future pay increases. As I have said, the time for decision has now been reached, and the Congress must make up its mind whether it will adopt the automatic cost-of-living adjustment concept, starting now, or whether it will go back to the old concept of applying retirement pay to existing pay scales no matter when they go into effect.

This matter has given me much concern. But I have concluded that we must recognize that retirement costs, although they are a part of our national defense costs, are reaching such staggering sums that unless we apply a reasonable principle to the retirement system we may well jeopardize the entire retirement procedure. One of the great privileges that exist today among military personnel is the privilege of applying for retirement regardless of age upon the completion of 20 or more years of service. No other Government employee, and probably no employee of private industry, has this privilege, except FBI agents, to the best of my knowledge.

However, there are many arguments in support of this privilege, and I personally feel it is something that must be retained. On the other hand, unless we take positive steps now to protect this retirement system, we may eventually be forced to change the entire system.

For that reason, I will state now that I will support the retirement proposal submitted by the Department of Defense because I believe

it does eliminate the gross discrimination that existed between those retired prior to June 1, 1958, and those who retired after that date, and at the same time provides a guarantee to all future retirees that they will automatically receive a cost-of-living increase whenever the cumulative cost of living goes over 3 percent. Under the provisions of this bill, no further legislative action will be necessary. Thus the retired serviceman's dollar purchasing power will be preserved and guaranteed.

Stated another way, I have come to the conclusion that a bird in the hand is worth two in the bush.

Now let me turn to another item in the proposal before us. You will find this on page 16, under the title "Submarine Pay for Members Training for Duty on Nuclear-Powered Submarines."

I recognize the fact that the Navy is having difficulty in obtaining volunteers for the POLARIS and other nuclear submarine programs. I do not believe we should pay submarine pay to a recruit who enters into this program, but I certainly believe that we should continue submarine pay for those who are already qualified submariners who are accepted for advanced training for nuclear submarine duty. This section is probably too broad, as written, but the concept is sound and I intend to support it.

Likewise, I find myself in accord with section 7 of the bill which would provide incentive pay of either \$55 a month for an enlisted man, or \$110 for an officer, who is on duty "inside a high- or low-pressure chamber." Present law already provides incentive pay for those who are on duty as a "low-pressure-chamber inside observer," and the law would be amended to include duty in a low- and high-pressure chamber, regardless of whether or not the individual is an observer.

Also, I find myself in accord with section 8 of the proposed legislation which permits an individual to draw two incentive pays. Today the law restricts an individual to one incentive pay.

Right there, Mr. Blandford, give them an example of two incentive pays about the paratrooper or one of our dangerous missions.

Mr. BLANDFORD. That is in the next paragraph.

Mr. RIVERS. While there will not be many cases of this nature, nevertheless I believe that if an individual is qualified and is performing duties in two incentive pay areas, then there is no reason he should not draw the two incentive pays. I have not seen a cost estimate on this section, but it will be very small.

Mr. BLANDFORD. I have a figure of \$1,900,000.

Mr. RIVERS. For example, we provide paratroopers incentive pay and we also provide incentive pay for those who handle demolitions. There are also paratroopers who must be demolition experts—and when you combine the two together, it is obvious that it becomes an extremely hazardous occupation. There is no reason why individuals performing duties of this nature should not draw two incentive pays.

Next we come to section 9 on page 17 of the bill, which repeals the authority for special pay for sea and foreign duty.

This special pay is applicable only to enlisted personnel and under this provision of law enlisted personnel draw amounts ranging from \$8 for an E-1 to \$22.50 per month for the E-7's, 8's, and 9's. This type of pay is intended to provide a small amount of compensation to the enlisted man who serves at sea, or is stationed overseas. In

fiscal 1964 it is estimated that this provision of existing law will cost approximately \$133 million.

The proposed legislation seeks to repeal this provision of law and substitute in its place special pay for duty involving unusual hardship which will be found on page 18 of the proposed legislation.

I am advised that the fiscal estimate for 1964 for duty involving unusual hardship, if it is implemented, would only involve about \$30 million. It is intended to be applicable to officers as well as enlisted personnel, and it will be in amounts equal to 15 percent or 25 percent of the basic pay of the member concerned. Under the proposal, we are asked to delegate to the Secretary of Defense the authority to determine who would be entitled to this extra pay.

Today any enlisted man who goes to sea, or any enlisted man who goes overseas, is entitled to sea or foreign duty pay. The substitute proposed would obviously be applicable to far fewer persons than now draw sea and foreign duty pay.

Frankly, I do not believe we should repeal the present law which provides sea and foreign duty pay for all enlisted personnel.

In the first place, if it is repealed, it will immediately result in many individuals receiving a very small pay increase after they have been led to believe they will receive a fairly substantial pay increase. In fact, in the case of E-1's, they would have to be protected against a reduction on a saved-pay basis, and continue to draw sea pay because the increase in their basic pay would not be equivalent to their sea pay.

I rather suspect that if we were to adopt the section dealing with unusual hardship that very few people now at sea would qualify. I believe that any enlisted man who goes to sea for extended periods of time is entitled to some extra compensation.

I am very much afraid that if we eliminate sea pay we will seriously affect the morale of our enlisted personnel in the Navy and Coast Guard. I think the same reasoning is true in the case of our enlisted personnel who are serving overseas.

I would be the first to admit that there are undoubtedly many individuals drawing sea and foreign duty pay who are not entitled to extra compensation. For example, I don't believe that an individual assigned to a ship who is living ashore and who spends every evening home with his family should draw sea pay.

And I find it difficult to believe that duty in Wiesbaden, or Tokyo, or Paris, or Honolulu, or Naples is difficult duty. As a matter of fact, there are many enlisted personnel who would like to have more of this type of duty. But the fact that there are some who are drawing sea and foreign duty pay where it is probably not justified does not convince me that the entire concept of sea and foreign duty pay should be eliminated. Therefore, as far as I am concerned, I will not support the proposed repeal of sea and foreign duty pay, even though it will add \$133 million to the cost of the bill.

On page 18, you will find section 10 which repeals the authority for responsibility pay. This pay has never been implemented by the Department of Defense. It was inserted in the 1958 Pay Act by the Senate, and the House Committee on Armed Services never considered the proposal as a committee. Members of the committee will remember we accepted it in Congress. It is my understanding that

the Army and Marine Corps are opposed to the implementation of this provision of law. As far as I am concerned, if the Department of Defense wants to repeal the authority since they do not intend to implement it, then I would have no objection. However, we should discuss the pros and cons involved.

The question of whether or not we should approve section 11, on page 18, which provides special pay for duty involving unusual hardship will depend upon what we decide to do with sea and foreign duty pay. I can visualize situations that would fully justify the hardship special pay recommended in this provision. There are many remote areas of the world where our officers and enlisted personnel are serving. Certainly nothing could be more remote than sitting in front of a radar screen on a mountaintop many miles from civilization. Certainly no one could quarrel with the unusual hardship of serving on a destroyer between New Zealand and McMurdo Sound near the Antarctic. Certainly no one can argue that living in the jungles of South Vietnam is not an unusual hardship. But there are also other problems involved which are not covered by this proposal—such as the unusual amount of temporary duty that certain personnel of our services must perform.

All of you have undoubtedly received correspondence from Air Force personnel, in particular, who have had their per diem allowance eliminated while on temporary duty. I will discuss this matter further when we come to the family separation allowance provision.

If we retain sea and foreign duty pay, and I believe we should, then undoubtedly the provision dealing with unusual hardship should be eliminated. I don't believe we can justify both. We save \$30 million annually by deleting this section.

This leads me then to page 19 and section 12, entitled "Career Incentive Payment."

The concept of this provision is that the services should be allowed to pay a bonus to certain individuals with critical skills ranging from \$500 to \$2,400 when they come up for their first reenlistment.

Today, existing law provides reenlistment bonuses up to a maximum of \$2,000 in the following amounts: On the first reenlistment, an enlisted man receives a bonus consisting of his monthly pay multiplied by the number of years for which he reenlists. On his second reenlistment, he receives two-thirds of his monthly basic pay times the years for which he reenlists. On his third reenlistment, he receives one-third of his monthly basic pay times the number of years for which he reenlists; and in the fourth and subsequent reenlistments, one-sixth of his monthly basic pay times the number of years for which he reenlists. But he may not be paid more than the maximum of \$2,000.

You will be interested to learn that in fiscal 1962 the military services paid bonuses to 246,000 servicemen involving more than \$133 million, or an average of about \$500 per man.

The present system of paying reenlistment bonuses would be phased out under the proposed legislation and in its place we are asked to substitute a career incentive payment which would amount to one payment at the first reenlistment. Those with the highly critical skills could receive as much as \$2,400, and those with lesser skills as little as \$500.

The theory behind this concept is that the first reenlistment is the critical point in determining whether an individual will make a career of the armed services. And in support of this, the Department contends that those who have reenlisted once or more have a reenlistment rate of approximately 88 percent.

My concern, however, is that by phasing out the present reenlistment bonus system, the career reenlistment rate of 88 percent may begin to decline. Unfortunately, there is no way of knowing whether the second and subsequent reenlistment rates are affected by the present reenlistment bonus system.

Frankly, I do not think we should adopt the career incentive system proposed in the bill before us because I think it might have a very serious affect upon future reenlistments.

But in addition, I would like to call the subcommittee's attention to the fact that the Department of Defense has never fully implemented the proficiency pay system that was authorized in the 1958 pay act. That year, we authorized three types of proficiency payments for enlisted personnel with special skills. We authorized a P-1 rating in the amount of \$50 a month; a P-2 rating in the amount of \$100 a month; and a P-3 rating in the amount of \$150 a month. You will be interested to learn that the maximum amounts paid today are \$30 for P-1's, \$60 for P-2's, and the P-3 program has never been implemented. At present, there are 2,225,000 enlisted personnel on active duty in our Armed Forces. Of this number, 205,000 enlisted personnel receive P-1 pay, and only 41,000 receive P-2 pay.

Before we delegate additional authority to the Secretary of Defense or authorize another system to encourage the reenlistment of those with critical skills, I think it might be wise if the Department implemented the law we gave them in 1958. For the reasons I have stated, I am opposed to the enactment of the career incentive payment as suggested in the proposed legislation.

That brings me to page 24, and special pay for those who are subject to hostile fire.

As you know, the Congress enacted a Combat Duty Pay Act in 1952, but under the terms of that law it is restricted to the geographical location of Korea. I might mention, for the benefit of the subcommittee, that the Combat Duty Pay Act of 1952 was never considered by the Committee on Armed Services; it was added as a Senate amendment to a Veterans' Affairs bill and became law.

I recognize that there are many arguments in support of a special pay for individuals who are exposed to enemy fire, but the more I read this section, the more I foresee serious problems of implementation. Beyond that is the question of whether or not such a provision should be made retroactive for those who have already been subjected to hostile fire in such places as South Vietnam, the Congo, and in aircraft that have been shot down by Communist aircraft or Communist missiles.

This section, if enacted, may also involve us in some very interesting international complications. If we have troops in certain parts of the world who are supposed to be there for training purposes, could we announce in an appropriation act that they are being paid the equivalent of combat duty pay?

Beyond that is the question of the philosophy involved as to whether or not an individual should be paid extra pay for performing the duties for which he is basically employed. For these reasons, I am of the opinion that the section should be deleted from the bill. Since there is no money in the budget for this provision, I am unable to project a cost savings if we delete this section.

This takes us to section 15 dealing with an increase in basic allowances for subsistence for officers.

At present, all officers are entitled to a monthly subsistence allowance of \$47.88; the proposed bill would increase this amount to \$77 per month. The estimated cost of this increase amounts to \$120 million per year. The \$77 figure was arrived at by multiplying the daily present ration allowance which is granted to enlisted men serving in an area where Government messing facilities are not available.

I think there is little doubt that without increasing the subsistence allowance for officers, and particularly the officers in the junior grades, the overall increases proposed in this bill would not be adequate to bring about the results that are sought.

On the other hand, I cannot justify in my own mind an increase in subsistence allowances for officers without taking some action to increase the \$1.03 per day commuted ration now being paid to the 800,000 enlisted personnel who are allowed to draw this allowance, as well as those few enlisted personnel who draw the \$2.57 per day allowance that is authorized when messing facilities are not available. I believe, therefore, it would be desirable for us to consider establishing a statutory commuted ration of \$1.25 per day for enlisted personnel who are permitted to mess separately. This would add \$54 million a year to the cost of the bill. The figure of \$1.25 will provide for the increase in the cost of food to the consumer, and will also represent the savings to the Government reflected in reduced logistic support, messing facilities, and food handlers.

I believe we should also increase the \$2.57 per day now authorized for certain enlisted personnel by 26 percent, or 68 cents a day, which is approximately the increase in the cost of food away from home since the allowance was last increased in 1952. This would add about \$15 million a year to the cost of the bill.

Insofar as officers are concerned, I suggest we increase their present subsistence allowance of \$47.88 per month by approximately 6.6 percent—the increase in the actual cost of food since 1952. I suggest \$51 a month, since this figure is divisible by 30 and is easier to administer. Such an increase will cost \$13 million a year.

However, since junior officers and junior warrant officers, in particular, will be affected by this proposed reduction in the subsistence allowance, I further suggest that we increase the basic pay scales of all first and second lieutenants, and all W-1's and W-2's by \$15 a month; and that we increase all other officer and warrant officer pay scales by \$10 a month.

This will increase the cost of the bill approximately \$47 million a year, but approximately 20 percent of this will be returned to the Government in income taxes.

To recapitulate my suggestion on subsistence, let me say this:

1. The estimated increase cost of the subsistence allowance for

officers is \$120 million annually. This was based on an increase of \$29 a month.

2. No increase in subsistence was recommended for enlisted personnel.

My proposal would result in the following cost estimates:

1. Establish a statutory commuted ration for enlisted personnel of \$1.25 a day over the present rate. This will cost \$54 million a year.

2. Increase the \$2.57 now authorized for enlisted personnel where messing facilities are not available by about 26 percent, or 68 cents a day. This will cost about \$15 million a year.

3. Increase the subsistence allowance for officers about 6.6 percent from \$17.88 to \$51 a month. This is the increase in the cost of food since 1952. This will cost about \$13 million a year.

4. Increase the basic pay scales of all first and second lieutenants, and all W-1's, and W-2's, by \$15 a month. This will cost about \$20,160,000 a year.

5. Increase the basic pay of all other officers by \$10 a month. This will cost \$27 million a year.

6. Total cost of my proposal is \$129,160,000, as opposed to the estimated \$120 million for the increase in subsistence proposed in the bill for officers.

7. Part of this cost will be returned to the Government in income taxes.

8. To offset this, however, future retirement costs will be increased as a result of increasing the basic pay scales.

I fully realize that my suggestion does not give officers as much take-home pay as the amounts recommended in the Department of Defense proposal.

On the other hand, we cannot justify a substantial increase in subsistence allowances for officers, without providing an increase for enlisted personnel in those areas where they are entitled to draw either a commuted ration or a ration where messing facilities are not available.

In my tentative proposal, I have tried to stay within the \$120 million figure that was recommended for the increase in subsistence allowances for officers.

My suggestion means that officers will receive from \$11 to \$16 a month less in take-home pay than the amount suggested in the Department proposal. If we restore the entire amount and put it in the pay scales, we will of course go well beyond the \$120-million increase recommended in the bill for this provision. If the subcommittee decides to provide further increases in the basic pay scales so that officers will receive the increases proposed by the Department of Defense, then I will support such a change. This will be up to the subcommittee. In taking this action we must remember that subsistence allowances have the advantage of being nontaxable, and the disadvantage of not being considered a part of pay for retirement purposes. On the other hand, increases in basic pay are taxable, but have the advantage of increasing retirement pay.

Section 16 of the bill deals with the quarters allowances that are payable when a husband and wife are both members of the uniformed services. This is a technical provision which is not applicable to a substantial number of people. However, it is a correction that is

necessary in the law. It will benefit some, and without a savings provision, would also bring about a reduction in allowances for others.

Briefly, what the section will do is to provide that where a husband and wife are both members of the uniformed services and they are in the same area, then the husband may draw a quarters allowance payable to an individual with dependents unless either one voluntarily occupies Government quarters. Under existing law, each can draw a single quarters allowance but neither can draw any allowance if there are single quarters available to each of them on the base.

Section 17 will be found on page 31, under the heading "Family separation allowance."

This section is intended to permit an individual with dependents who is assigned to an area where his dependents are not permitted to be with him and there are no Government quarters available to him, to draw a station allowance which will include an amount equal to the basic allowance for quarters for a member without dependents. I can best illustrate the purpose of this section by giving an example.

If a major is assigned to an area outside the United States, where there are no Government quarters available and his family is prohibited from joining him, he draws the quarters allowances payable to an officer with dependents. This allowance, however, merely covers the cost of his household in the United States. In determining his oversea allowance, however, he is only allowed the difference between the allowances paid to a member without dependents and the allowances paid to a member with dependents. The difference obviously is insufficient in many areas to cover the cost of commercial housing which he must obtain for himself.

On the other hand, the title of the section is somewhat misleading for I believe that members of the armed services were anticipating an actual family separation allowance which would provide a sum of money to the head of the household when his family was separated from him because they were prohibited from joining the breadwinner.

Certainly there are many costs that are incurred when a wife is maintaining a household without the assistance of her husband, not the least of which is fixing a leaky faucet, cutting the grass, shoveling snow, repairing the roof, fixing broken windows, and the multitude of other chores that undoubtedly add to household expenses when the husband is not present to do the work.

In addition, it will be noted that this section is only applicable to an individual who is assigned to a permanent duty station. As I mentioned earlier, there is no provision in the bill which compensates the individual separated from his home for long periods of time on temporary duty. In addition, the Department of Defense recently eliminated the per diem allowances for individuals who are on temporary duty even for long periods of time if they are in an area where housing and messing facilities are available.

I have been impressed with the number of reasonable and sensible complaints that I have received from well-meaning citizens who take exception to this elimination of per diem allowances. I think there are times when we are penny wise and pound foolish, and I think this is an excellent example.

Personally, I believe the family separation allowance section in this

bill, as written, should be modified, and that we should provide an adequate benefit. Certainly we should not limit ourselves to a very minor part of a very large problem. I suggest we amend this section by adding the following language to section 17:

When a member of the uniformed services with dependents is assigned to a temporary duty station for a period in excess of 30 days, his per diem allowance shall not be less than \$1 per day.

Except in time of war or national emergency hereafter declared by the Congress, when a member of the uniformed services is entitled to a basic allowance for quarters as a member with dependents, under section 403, title 37, United States Code, as amended, and is assigned to a permanent duty station where his dependents are precluded by competent authority from residing at or near his permanent duty station, including duty aboard a ship, or when a member with dependents entitled to a basic allowance for quarters as a member with dependents, under section 403, title 37, United States Code, as amended, is assigned to a temporary duty station for a period in excess of 30 days, he is entitled to a special family separation allowance of one-third of the quarters allowance payable to a member without dependents for his grade, or \$30, per month, whichever is greater, in addition to any per diem allowance to which the member may otherwise be entitled.

This language will cost about \$50 million a year, and will at least recognize the costs involved in long family separations. I realize that language may have to be revised, but it will give you the general idea of my suggestion.

Section 18 deals with the advance movement of dependents, baggage, and household effects.

Today there is authority for such action, but only under unusual and emergency conditions. The proposed section would broaden this to take care of other situations in which it is necessary for individuals to return to the United States before a permanent change of station set of orders have been issued to the service member.

That brings us to section 19 on page 34, dealing with travel and transportation allowances which are authorized for travel performed under orders that are cancelled, revoked, or modified.

I am in full sympathy with the objectives of this section for it would permit an individual to be paid for travel and transportation costs incurred after he has left his last duty station and has proceeded toward his new duty station, and then new orders are issued cancelling the original orders.

However, I would call the attention of the subcommittee to the fact that this provision is retroactive. It is the only provision in the bill which is retroactive and I do not believe it would be wise for us to consider in this bill any provision which is retroactive. I believe this section should stand or fall on its own merits and that it should be considered as a separate legislative item. For that reason, I am of the opinion that it should be deleted from the bill.

Section 20 of the bill deals with uniform allowances for officers of the regular components. As you know, Reserve officers now receive a uniform allowance of \$200 upon entering on active duty.

Under this suggested provision, all officers, Reserves and Regulars alike, who hereafter enter on active duty will be authorized a uniform allowance of \$250.

Frankly, I do not believe we can justify giving a uniform allowance to Regular officers. This is their career and they have tenure of

office. This is not true of reservists. While I recognize that regular officers of the Public Health Service receive this benefit, I do not believe we can properly extend this benefit to all Regular officers.

This brings us to page 37 and readjustment pay for enlisted members who are involuntarily released from active duty.

This, of course, involves the question of quality control. We have readjustment pay today for reservists and for Regular officers, and this section seeks to extend readjustment pay to regular enlisted personnel who are released from active duty involuntarily or not accepted for an additional tour of duty after serving 5 or more years of continuous active duty.

This, in effect, is an extension of an existing benefit to enlisted personnel of the regular services. It would entitle a regular enlisted man to as much as 2 years of basic pay if he is not reenlisted. This section must be carefully analyzed by the subcommittee, because there are arguments both for and against the proposal.

Parenthetically, I handled the Reserve incentive—I mean separation bill now on the statute books, and we wanted to pay them when they got out. This reverses the whole philosophy. We simply want to keep the enlisted men, yet we give them a bonus to get rid of them. So I want the subcommittee to look at this thing pretty closely.

Finally, we come to page 39 and the effective date proposed, October 1, 1963.

Last year I was impressed with the need for an increase in quarters allowances because allowances had not been increased for 10 years. They finally went into effect, however, on January 1 of this year.

I believe we are all convinced that a pay increase is fully justified for members of the uniformed services. But I know of no provision in this bill which has created more dissatisfaction among service personnel than the proposed effective date of October 1, 1963. Already individuals have delayed requests for retirement; others who are to be retired involuntarily in the months ahead are complaining, with considerable justification, that they are being denied a pay increase which will not be reflected in their retirement pay because of the proposed effective date. And finally, there are those who argue that if a pay increase is justifiable, it is justified now.

I find myself in complete accord with these arguments. For that reason I am of the opinion that the effective date should be the first day of the first month following the month in which it is enacted; and in addition to that, I believe we should insert a provision in this proposed legislation to the effect that any individual who retires during calendar year 1963 will be able to compute his or her retirement pay under the new pay scales when they go into effect. This will stop some Reserve officers who will soon be involuntarily retired, from enlisting in the Army or Air Force and then applying for retirement after the effective date of the act. It will also stop many individuals from turning in to hospitals to wait out the effective date of the act. Finally, it will eliminate pressures on the services to retain individuals on active duty until the new law goes into effect.

Frankly, it will eliminate many things I can't now conceive of. So let's put them all under the same tent and get it over with.

Now, members of the subcommittee, I have given you my candid observations and recommendations on the proposed legislation and I hope they will be helpful to you. You also have before you a committee print which analyzes present law, proposed law, and provides comments concerning the various changes.

Before I conclude I would like to say this: perhaps we may have to defer to the executive branch of the Government when it comes to a question of missile thrust, weapons production, or awarding or canceling contracts, but in the area of pay and benefits for the armed services, I am confident that we need not defer to anyone. The Constitution says we shall raise and support armies and provide for a navy, and we alone have this responsibility.

We appreciate all of the recommendations that are before us, but we also have some highly qualified experts of our own right here in this committee. I believe that collectively we have more knowledge in the area of pay and benefits than any comparable group in the executive branch of Government, and I believe we should now proceed to demonstrate that competence.

That is my short, concise statement.

[Laughter.]

Mr. HARDY. Mr. Chairman, may I be permitted to compliment you on the comprehensive nature of your statement and on your conclusions.

Mr. RIVERS. Thank you, sir.

Mr. HARDY. I hope you will permit one other question. I trust the chairman, who has expressed himself rather positively on some provisions of the proposed bill, reserves the right to change his mind after he hears the testimony?

Mr. RIVERS. Well, I have already said that.

Those of you who don't know the subcommittee have a lot to learn, and a surprise ahead. This subcommittee has a mind of its own.

We are complimented this morning having our distinguished chairman here. That demonstrates his intense interest in this area.

We have had numerous and many meetings with the chairman, Mr. Blandford and I, and he has gone over this bill many times, and his presence here this morning demonstrates to all of you his determination that a fair and equitable bill be forthcoming from this session of the Congress.

Mr. Chairman, would you like to say something?

Chairman VINSON. Mr. Chairman, I want to join Mr. Hardy in complimenting you on this very fine analytical statement. I think it lays before the committee the facts in such a manner that you can get right down to the controversy.

I compliment you on your splendid analysis of it.

Mr. RIVERS. Thank you very much, Mr. Chairman. We are very appreciative and grateful for your appearance.

Now, we will hear from the Honorable Norman S. Paul, Assistant Secretary of Defense for Manpower.

Mr. Paul, we will be very pleased to hear from you at this time.

**STATEMENT OF HON. NORMAN S. PAUL, ASSISTANT SECRETARY
OF DEFENSE FOR MANPOWER**

Mr. PAUL. Thank you, Mr. Chairman.

I want to emphasize, if I may, that the statement I am about to read is a statement of the Secretary of Defense, and to express his regrets that he could not be with the subcommittee this morning. He is tied down with the German Defense Minister at the moment, and, as you all know, or many of you know, has just completed some 60 hours of testimony before committees of the Congress.

So, if I may, Mr. Chairman, I would like to read this statement, then submit myself to questions.

Mr. RIVERS. Go right ahead, sir.

Mr. PAUL. Mr. Chairman, members of the subcommittee:

I welcome the opportunity to submit this statement in support of the proposed Uniformed Services Pay Act of 1963, which was submitted to the Congress by the Department of Defense on behalf of all the uniformed services. We are prepared to explain the bill in whatever detail the committee may desire. In this statement, however, I will limit my remarks to a discussion of the background and major objectives of H.R. 3006, which I hope will receive your favorable consideration.

BACKGROUND AND MAJOR OBJECTIVES

The proposed adjustments in compensation for members of the uniformed services are based upon a comprehensive staff study of military compensation undertaken during the past year by the Department of Defense at the direction of the President.

I might add, Mr. Chairman, this study took 10 months of very concentrated work by a number of individuals.

The bill now before you for consideration implements the President's recommendations concerning needed adjustments in compensation for service members contained in his budget message to the Congress for the fiscal year 1964. In his message, the President stated:

In this era of increasingly complex weapons and military systems, a large part of the effectiveness of our defense establishment depends on the retention of well-trained and devoted personnel in the armed services. General military pay was last increased 4½ years ago. Since then, higher wages and salaries in private industry have provided strong inducement for highly trained military personnel to leave the service for better paying jobs in civilian life. To help meet this serious problem, and in fairness to the dedicated personnel in our Armed Forces I will shortly submit to the Congress specific recommendations for increases in military compensation rates effective October 1, 1963."

Since the primary function of the military pay system is to attract and retain sufficient qualified personnel to sustain our military forces at required levels of effectiveness, the first phase of the Defense study of military compensation involved an exhaustive analysis of the current and prospective manning situation in the Armed Forces. Following the manning analysis, the compensation system itself was examined to determine if changes were necessary to improve the system, and the compensation adjustments which should be made for members in the different pay grades. Accordingly, in evaluating the merits of H.R. 3006, it may be helpful to consider the manpower situation in the Armed Forces today, and the retention problems which principally determined the pattern of the pay increases which we are proposing in this bill.

THE MANPOWER SITUATION IN THE ARMED FORCES

ENLISTED PERSONNEL

Procurement

The Armed Forces, with an enlisted strength of approximately 2.4 million, are required to replace almost one-half million enlisted members annually, or approximately one-fifth of the total enlisted force. All the armed services, except the Army, are meeting their enlisted manpower needs through voluntary enlistments. The Army continues to obtain a part of its requirement for new recruits from inductions.

Voluntary enlistments undoubtedly reflect a sincere motivation on the part of our young people to serve their country. There is little doubt, however, that the existence of the draft has been a most important factor in this picture. Because the act exists, the majority of young men assume that they will be required to serve in the Armed Forces at some time after reaching the age of 18½ years.

Retention

While the Armed Forces have been quite successful in obtaining the required number of men for enlisted service, they have had far less success in retaining them beyond the first enlistment or induction period. The reenlistment rates for first-term (first termers are those who have served an initial active duty tour as a Regular) Regulars are shown in chart 1.

There are a number of reasons for this, but two reasons stand out above all others. First and probably foremost, is that a large number of men come into the military service with no intention of making it a career. The second reason is that the pay and other tangible incentives which the Armed Forces can offer have not kept pace with those of private industry and civilian government employment, and in fact are insufficient to induce large numbers to continue in the military service as a career.

(Chart 1 is as follows:)

CHART 1.—*Reenlistment rates for first-term regulars, by major occupational groups, fiscal year 1957 to fiscal year 1962*

Major occupational group	1957	1958	1959	1960	1961	1962
All occupations.....	24.7	27.6	30.0	21.2	25.3	27.4
Ground combat.....	9.9	21.3	24.6	18.6	27.7	26.6
Electronics.....	20.6	24.8	26.8	16.9	20.4	25.5
Other technical.....	34.5	23.2	27.2	22.3	25.8	26.6
Administrative clerical.....	28.4	27.0	31.6	24.9	27.6	28.8
Mechanics and repairmen.....	25.9	32.2	32.3	22.0	25.7	27.2
Crafts.....	36.3	29.7	33.4	24.1	25.5	27.5
Services.....	31.4	34.5	37.5	29.7	32.0	33.5
Miscellaneous.....	18.5	24.4	21.4	16.1	20.6	24.1

Since 1957 the overall reenlistment rate of first-term regulars has fluctuated around 25 per cent. However, the rates vary considerably by career field and military specialty. The lowest rates are in electronics and other technical career fields which are in greatest demand by industry.

Mr. Chairman, I would like to say at this point, that the chart on page 4 shows a fairly consistent reenlistment rate for first-term regulars. Although these are actual figures, I would like to call the committee's attention to the fact that there is quite a variation within each of these categories that I have indicated.

Also, I would like to emphasize to the committee, as I believe I do in my statement, that the retention rates we desire in certain of these categories are quite different than they are in others. I will point that out later on in my statement.

Overall retention rates are useful as indicators of trends, but in the final analysis it is the number of men retained by skill groups which is important. The military services have determined the desired percentage of careerists (regular enlisted men serving on a second or subsequent enlistment) for each skill grouping which is identified as the "desired career ratio." A desired career ratio of 65 percent in a particular skill would mean that 65 percent of all men in that career field should be careerists: 35 percent first-termers.

As a general rule the higher the training costs, and the more complicated the skill, the more desirable it is for the career ratio to be stabilized at a high level. Rapid turnover of highly trained personnel boosts training costs and lowers the operational effectiveness of the force. In fields where the training period is short and training costs low there are certain advantages in replacing a large proportion of enlisted members very early in their careers. This minimizes future compensation and retirement costs without reducing combat effectiveness.

For example, in the services category, a desired reenlistment rate there or career rate would be 25 percent. In other skills, such as electronics, it is much closer to 50 percent, or higher.

The critical importance of our training and retention problem can be illustrated by the following figures: First, the total cost of technical training in the Department of Defense is nearly \$1 billion per year. Nearly one-half of this cost is associated with the training of electronic technicians, because of the longer training periods and the high cost of the training equipment. Our studies indicate that the average cost of initial training for the electronics specialist is approximately \$4,500, as compared to only \$2,000 per man in administrative and clerical skills.

For this reason the military services all recognize that there is a need for a relatively high proportion of careerists in the most technical enlisted skills, with desired ratios averaging about 60 percent. Actual career manning in these skills, however, at present averages only about 40 percent for the Department of Defense as a whole.

The situation I have described is, of course, an average picture which varies considerably by service and by individual specialty. The cause of the low technician career ratios lies, of course, in the low first-term reenlistment rates in these skills.

The reenlistment rate of individuals completing their second or subsequent enlistments is quite satisfactory, averaging almost 90 percent. Undoubtedly the military retirement system is of paramount importance in the reenlistment decision of most individuals who have completed their second enlistment. This generally occurs at about the 8- to 10-year point. Relatively few men feel they can give up 8 or more years of service toward future retirement even if offered substantially more salary in a civilian occupation. Under the military retirement system, a member receives nothing in retirement benefits if he leaves the service before completing at least 20 years of active service except, of course, in the case of a member retired for physical disability.

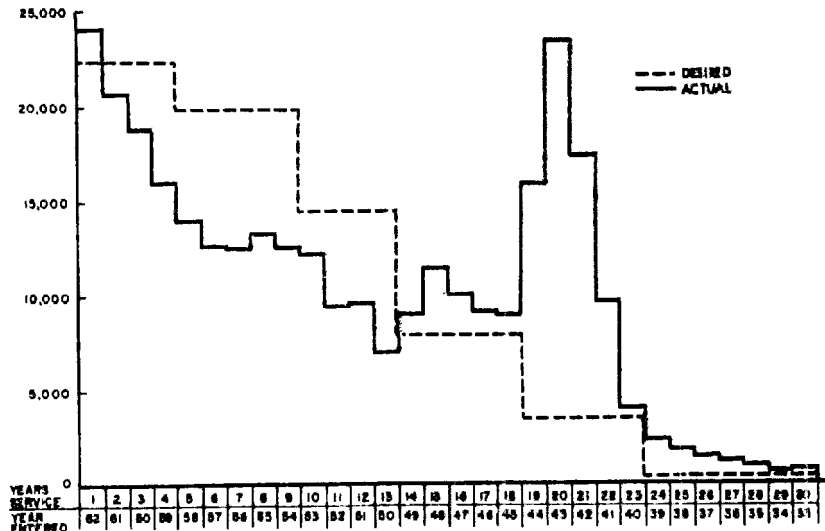
In summary, there is abundant evidence that the critical retention problem in all the services is associated with retaining individuals in most of the technical occupations upon completion of their initial term of service.

OFFICER PERSONNEL

General

The experience composition of the officer corps is characterized by two peaks and an intervening valley. The largest numbers are in the 2 through 3 years of service group and the 19- through 21-year group. The valley is the result of inadequate retention during the past 15 years and small annual input of new officers following World War II. The 1- through 3-year peak highlights the turnover of personnel upon completion of their obligated service; the 19- to 21-year peak is the World War II officer "hump" as shown on chart 2, following.

CHART 2.—DOD officer distribution by years of service.



The implications of this "experience" distribution are of vital importance to the Armed Forces. The Armed Forces have been able to live with the shortages in the 5 to 17 years of service group by assigning officers from World War II to positions which normally would be filled by officers with less service and experience, and by assigning junior officers from the 1- to 4-year group to positions normally requiring more service and experience. This, of course, has not been entirely satisfactory. Whatever other attributes a junior officer may bring to his tasks, he cannot bring experience.

Although the services have benefited from the extraordinary experience level created by the World War II hump, it has created certain undesirable situations. For example, it has limited the number of new officers that could be brought into the services. It has affected the normal rate of promotion by slowing promotions for those officers immediately behind the hump and by accelerating promotions for those officers immediately ahead of the hump. In other words, it has generally disrupted normal career progression patterns.

The shortages in the middle management group depict a situation unique to the military services. Unlike private enterprise which, when faced with a similar situation, can hire men of the necessary experience to fill the voids, it is necessary for the military services to bring aboard young inexperienced officers and hope to retain them.

Procurement

From a variety of sources, the services have obtained each year as many junior officers as force limitations would allow. While the desire to serve their country undoubtedly plays a part in attracting new officers into the service, in a large part it must be assumed that the existence of the draft has been responsible in substantial part for this success.

Retention

Officer retention rates have varied among the services and among the procurement sources. As a group, service academy graduates are the most likely to remain in service; approximately 85 percent have remained beyond their obligated service period. Army and Air Force officers commissioned from officer

candidate school (OCS) have a retention factor of about 75 percent. Retention of Air Force aviation cadet graduates since 1957 has ranged between 65 and 90 percent.

The reasons for the high retention rates among officers commissioned from these three sources are understandable. Graduates of the service academies are among the most highly motivated and career intentioned of all officers; their environment, associations, and experiences at the academies have brought them to this desirable state by well-planned steps. For the OCS graduate, the change from enlisted to officer status is a powerful career motivation. The aviation cadet program, by obligating its graduates to 5 years of service, tends to attract career-oriented volunteers. Also their flight status entitles them to extra pay which undoubtedly enhances their career interest. However, these three sources together have been contributing annually only about 10 percent of the new officers required. The remainder enter through sources with much poorer retention experience.

The retention rate of ROTC graduates, which is a major source of officer personnel, is a disappointing 33 percent. The Navy officer candidate school, which provides about one-third of the officers annually commissioned by the Navy, has had a consistently low retention rate of about 12 percent. Officers commissioned from the latter program serve an obligated tour of 3 years—then most of them return to civilian life. The major procurement sources for naval flying officers are the aviation cadet and aviation officer candidate programs; these sources have had, with the exception of Naval Academy graduates, the highest Navy retention rates, 45 percent and 30 percent, respectively.

The services' inability to induce more officers to remain beyond their obligated period of service directly affects the quality of the middle-management group, and increases training costs. In order for the services to put into the career force annually at the 4-, 5-, and 6-year points, the 11,000 to 13,000 officers they require, they have had to accept from 95 percent to 98 percent of the officers who apply for indefinite career status. Obviously, from a quality standpoint alone, the military services would welcome an opportunity to be more selective. In addition, better retention and selection is desired from a cost standpoint. Each officer represents an appreciable investment in precommission and training costs. When officers leave after serving the minimum tour of duty these costs must be repeated with the procurement and training of replacements.

ADJUSTMENT OF MAJOR ELEMENTS OF MILITARY COMPENSATION

The military compensation system consists of several items that are received by all members, and other items that are available only under special circumstances. Examples of the first are basic pay, quarters, and subsistence; examples of the second are flying pay and oversea pay. It is a radically different system from that which generally applies to civilians, where a single amount, called a wage or salary, is paid. Some of the items received by military personnel are in cash, others are furnished directly to the member or his dependents, in kind.

To facilitate discussion, I will use the term "regular compensation" of military personnel to include basic pay, quarters, subsistence, and the value of the Federal income tax exemption on quarters and subsistence, whether in cash or in kind.

This is what they all get.

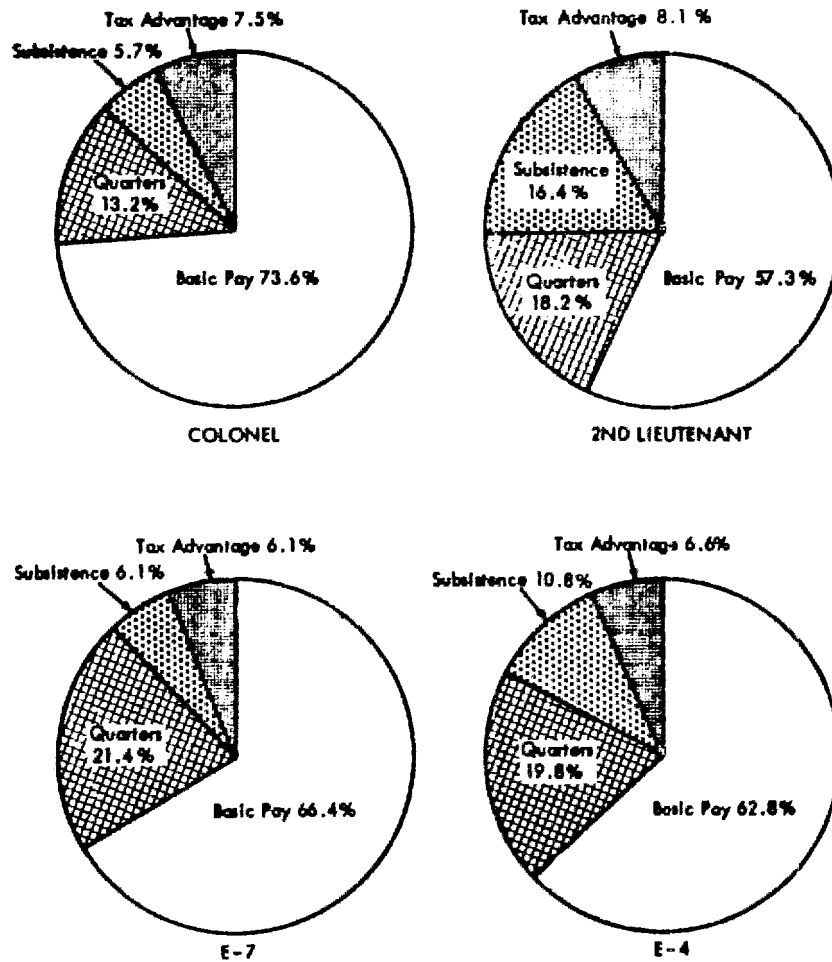
While this is not wholly equivalent to the wage or salary of a civilian it is very largely so. Accordingly, I will discuss the existing system and the proposed changes in such terms.

Chart 3 shows the relative proportion of each of these elements for two officer and two enlisted pay grades. In general, as you will see, the higher the grade, the larger basic pay bulks as a proportion of regular compensation.

(Chart 3 follows:)

CHART 3

COMPONENTS OF REGULAR COMPENSATION - BASED ON PROPOSED RATES
(SELECTED GRADES)



The proposed adjustments to each of the elements of compensation were developed in the context of their effect on regular compensation.

The proposed alterations in regular compensation which would be effected by H.R. 3006 were developed separately for officers and enlisted personnel.

I will discuss the basis for the adjustments, the resultant change in regular compensation, and the estimated dollar impact of the proposed changes on the DOD budget.

(A) OFFICER PERSONNEL

For officers, the largest percentage increases in regular compensation which would be provided by H.R. 3006 are in the first lieutenant and captain grades. The percentage increase becomes progressively lower with each higher grade. I believe that this pattern of increase will be most effective in meeting the junior officer retention problem which I discussed earlier.

Between 1952 and 1955 the median earnings of full-time employed professional, technical, and kindred workers, a group generally comparable to officer personnel, increased about 9 percent. The Career Incentive Act of 1955 increased the regular compensation of officer personnel by about 7.6 percent on the average, with the largest increases given to the higher grades.

Between 1955 and 1958 the median earnings of professional, technical, and kindred workers increased by 20 percent. The Military Pay Act of 1958 increased the total pay of officers to an average of 8.6 percent, and again most of the larger increases went to the higher grades; second lieutenants received very little increase, first lieutenants received a 4.7-percent increase, and the higher grades received increasingly higher percentage increases up to 21.9 percent for two-star officers. The 1958 pay adjustment was designed to relieve salary "compression" and to increase junior officer retention by improving the long-term attractiveness of a military career. The percentage increase in regular compensation in 1955 and 1958 is shown on table 1.

Table 1

Grade	1955	1958	Grade	1955	1958
General.....	21.5	¹ 28.0	Lieutenant colonel.....	7.5	14.9
Lieutenant general.....	14.1	22.2	Major.....	8.2	9.5
Major general.....	5.8	21.9	Captain.....	8.8	7.4
Brigadier general.....	6.3	21.2	1st lieutenant.....	8.9	4.7
Colonel.....	8.1	16.2	2d lieutenant.....	2.4	.7

¹ Includes C/S.

While it is impossible to say what might have happened to junior officer retention in the absence of the 1958 pay adjustment, there has been little change in the numbers of officers retained since that time. About 12,000 officers a year have remained beyond a first tour of duty, and that is a number insufficient to allow the services appreciable selectivity.

Between 1958 and 1962, the median earnings of professional technical and kindred workers increased by 15 percent.

In order to determine the probable effect of pay increases on the career motivation of junior officers, an extensive series of surveys was conducted. While these surveys are not reliable predictors of future retention they do provide a guide to the level of increase which is likely to have a significant impact. The surveys indicate that an increase of between \$100 and \$200 a month would substantially raise junior officer career intentions. Higher increases indicate only marginal improvements.

Development of recommended changes in the individual elements of regular compensation proceeded from a prior determination on the appropriate overall level of compensation for each pay grade. The proposed basic pay scales were developed after taking into account each of the other elements of compensation: the increase in the BAQ, which the Congress granted last year and became effective on January 1, and the proposed increase (from \$47.88 to \$77 a month) in the subsistence allowance provided by section 15 of the bill.

Illustrative examples of the present regular compensation for commissioned officers and the compensation which would be provided by H.R. 3006 are shown

in attachment 1, at the end of this statement. For a general with 30 years' service, the proposed increases amount to a total increase of 6.6 percent in regular compensation. For a captain (O-3) with 8 years of service in the example shown, a total increase in regular compensation of 17.4 percent would be provided by this bill.

During the past year Congress provided an increase in the basic allowance for quarters for members of the uniformed services. This increase took effect on January 1, 1963. As this increase is now in effect, it has been included in the "present compensation" in the examples we have shown.

ENLISTED PERSONNEL

Almost 5 years have elapsed since the last military pay adjustment. In the interim some erosion has taken place in the real value of the compensation of these members and substantial loss relative to the wage and salary gains of workers in the civilian economy.

As in the case of the officer compensation review, changes in the wages of comparable groups since 1952 were examined in the process of determining an appropriate increase in compensation for enlisted personnel. Between 1952 and 1955 the wage increases for Army-Air Force blue collar workers amounted to 14 percent; the Career Incentive Act of 1955 provided an average increase in regular compensation of about 11 percent to those in grades E-4 and above. The pay measure, although applied selectively as among pay grades, was aimed at increasingly extremely low retention across the board.

Between 1955 and 1958 blue-collar wages rose 17.5 percent; the Military Pay Act of 1958 increased enlisted regular compensation in E-4 and above by 7 percent. By 1958 overall retention had become generally adequate. The problem had become selective; that is to say, the services were unable to retain adequate numbers of enlisted personnel in many technical occupations. By June of 1962, Army-Air Force wage board blue-collar wage rates had increased by 18 percent over the level prevailing at the time of the 1958 pay adjustment.

Illustrative examples of the present regular compensation for enlisted members and the compensation which would be provided by H.R. 3006 are shown in attachment 2, also at the end of the statement. By reference to the examples shown it can be seen that for an E-6 with 14 years of service, the proposed 12.7-percent increase in basic pay amounts to 7.8-percent increase in regular compensation. For an E-4 with 5 years of service the 17.6-percent increase in basic pay amounts to 8.9-percent increase in regular compensation.

The largest increases have been provided for enlisted members in pay grades E-7, E-8, and E-9 at the 26-years-of-service point. Under the present pay scale, enlisted members in pay grades E-8 and E-9 receive only one longevity increase of \$10 a month between 20 and 30 years of service. No longevity increases are provided in the present scale for an E-7 between 20- and 30-year service points. H.R. 3006 would correct these deficiencies by providing substantial increases for all three senior enlisted grades at the 22- and 26-year service points. At the 26-year point, the amount of the increase provided is \$120 for pay grades E-8 and E-9, and \$100 for pay grade E-7. These increases are designed to provide an incentive for longer careers of highly qualified, experienced members to meet service requirements.

Somewhat the same philosophy that applied in 1958 when the compression was relieved in the officer pay rates.

The proposed changes in compensation for the lower enlisted grades are based upon different considerations than those applicable to the higher grades. In my judgment, the level of pay is not a significant factor in the recruitment of the enlisted personnel needed for military duty. A sizable increase in pay scales at the point of entry into service would have little effect in attracting more personnel or in improving the quality of initial input.

Under the proposed pay scales the rate of pay for members in pay grade E-1 with less than 2 years of service is \$85 a month. In order to provide an adequate pay differential between the three lowest pay grades, the rates proposed for members in grades E-2 and E-3 (with less than 2 years of service) are \$95 and \$115, respectively.

INACTIVE DUTY DRILL PAY

Under existing law (section 206, title 37, United States Code), a member of the National Guard or a member of a Reserve component of a uniformed service performing inactive duty training is entitled to compensation for each regular period of instruction of at least 2 hours' duration at the rate of 1 day's pay (i.e., one-thirtieth of the monthly basic pay) for a member of corresponding grade on full time active duty.

H.R. 3006 provides for an increase in the present rates of drill pay for non-obligated members of the Reserve components. This is considered necessary to enhance the ability of the Reserve Forces to retain members beyond the obligated service period.

The proposed legislation provides that a member of the National Guard or of a Reserve component of a uniformed service who has not completed the obligated period of Reserve component service imposed by law would continue to receive drill pay based on the present rates of basic pay. At the same time, this change provides for appropriate recognition due those members who voluntarily have assumed an additional period of service after having completed that obligated period of service imposed by law.

No change would be made by H.R. 3006 in existing provisions of law governing rates of pay for a member of the National Guard or a member of a Reserve component of a uniformed service when on active duty. All such members when on active duty for any purpose, including active duty for training, irrespective of whether they are serving an obligated period of service or not, would receive the same rates of basic pay as members of the Active Forces.

The estimated DOD cost of providing higher rates of inactive duty drill pay for members who have completed the obligated period of service imposed by law is \$27 million for fiscal year 1964 with an effective date of October 1, 1963.

Mr. BLANDFORD. May I interrupt at that point, Mr. Secretary. It also contemplates a savings of \$38 million by not paying that much to the obligated reservist on inactive duty training; is that not correct?

Mr. PAUL. I believe that is an annual savings, yes.

Mr. BLANDFORD. Thank you.

Mr. PAUL. Mr. Chairman, if I could go to two major changes in our special pays:

TWO MAJOR CHANGES IN SPECIAL PAYS

H.R. 3006 would also effect two other major changes in the present compensation system for members of the uniformed services. The first of these changes would provide for a new system of career incentive payments to replace over a period of time the present reenlistment bonus system. The second change would repeal existing provisions for sea and foreign duty pay and provide instead a new special pay for duties involving unusual hardship.

Career incentive payments

The current reenlistment bonus is not well designed for the retention problem described earlier in my statement. It is paid to all individuals who reenlist, regardless of skill, and the \$2,000 ceiling is received over several reenlistment periods. Consequently, its value as an inducement for initial reenlistment is minimized. At subsequent reenlistment points, other aspects of the compensation system become more important, such as basic pay advances realized with promotions, and the accumulated equity in retirement.

To replace the present reenlistment bonus entitlement H.R. 3006 would provide for a system of variable payments keyed to critical skills and applicable to all future first reenlistments. Designated "Career Incentive Payments," the new entitlement would provide variable payments up to a maximum amount of \$2,400 to individual's reenlisting for the first time in the most critical areas. A minimum sum of \$500 would be paid to all members reenlisting for the first time, irrespective of their skill criticality, provided the period of prior service and the period of reenlistment totaled at least 6 years.

Men reenlisting for the first time in a noncritical skill and who later retrain into a critical skill would be entitled to receive the higher payment, less the amount of the payment received at the time of first reenlistment. This feature will provide a needed incentive for voluntary retraining into more critical and arduous occupations in short supply.

Members on active duty on the effective date of H.R. 3006 who are serving on a first or subsequent reenlistment would have the option of remaining under the present reenlistment bonus system.

No incremental expenditure would be required for implementation of the career incentive payment system. It would be phased in with the funds now allocated to the reenlistment bonus.

Special pay for duty involving unusual hardship

Under H.R. 3006, additional compensation in the form of special pay at rates of 15 percent and 25 percent of basic pay would be authorized for members of the uniformed services while on duty at specified locations or stations, including sea duty. Concurrently, the bill would repeal existing provisions for sea and foreign duty pay for enlisted members.

Under existing law, extra pay is not authorized for commissioned or warrant officers assigned to overseas stations or sea duty, irrespective of location or degree of "hardship" involved. Enlisted members are authorized extra pay for "sea and foreign duty" ranging from \$8 to \$22.50 per month, as the chairman stated in his earlier statement.

The legislative history of this provision, however, makes clear that it was neither intended nor designed as a selective extra pay for duty at locations of unusual hardship. Consequently, the scale is the same irrespective of location outside the continental United States.

We believe that from the standpoint of achieving maximum benefit from personnel dollar expenditures, extra pay for duty at specified remote and isolated locations (including some sea duty) would be more effective than the present system of sea and foreign duty pay.

The following conditions would govern the entitlement to extra pay for duty involving unusual hardships.

(1) Enlisted members and officers would be eligible on the same basis.

(2) Only two rates of special pay would be authorized. This would reduce as much as possible the problems inherent in attempting to effect subtle gradations in hardship.

(3) The amount of extra pay authorized for all grades would be 15 or 25 percent of basic pay, depending upon the "hardship" classification given to the particular station or locality.

Provision of such extra pay as a percentage of basic pay rather than a flat sum would be in accordance with prevailing law and practice elsewhere in the Federal Government.

The proposed rates of 15 and 25 percent are based on judgmental factors in part, and in part upon consideration of the range (10-25 percent) now authorized for Foreign Service and civil service employees. Consequently, 15 percent of basic pay is considered the minimum amount necessary to achieve the intended purpose. The rate of 25 percent of basic pay would be authorized only for those stations or locations, including specified sea duty, which involve a high degree of hardship. For planning purposes, it has been assumed that unusual hardship pay would be paid to about 60,000 members at an average annual individual cost of \$500, or a total DOD cost of approximately \$22.5 million in fiscal year 1964.

In summary, the basis for the recommendation that a system of remote and isolated duty pay be authorized, and the authority for sea and foreign duty pay be repealed, is that the purpose of both pays is the same; that is, morale. It would recognize, however, that from an equitable standpoint this extra pay should be provided on a selective basis with due regard given to the widely varying conditions under which our personnel serve outside the continental limits of the United States.

ADJUSTMENT OF RETIREMENT PAY

Few issues in military compensation are as complex or as difficult as those affecting retired members of the military services and their retirement or retainer pay. The complexity stems in major part from the host of retirement laws enacted over past decades and the differing formulas prescribed in law for computation of retirement pay for different categories of personnel.

H.R. 3006 contains two major provisions affecting present and future retirement pay for members of the uniformed services. The first provision would, in

general, repeal existing provisions of law which authorize recomputation of retirement pay or retainer pay whenever the rates of basic pay for members on active duty are changed. A new system would be provided for adjustment of retirement pay in the future, based on increases in the Consumer Price Index. The second provision deals with the problem of what adjustments should be made in the retirement pay or retainer pay of members already retired, so as to provide a fair and equitable base for transition to the proposed new system of retired pay adjustment for all members in the future.

I will discuss each of these provisions in turn.

Until the Military Pay Act of 1958, adjustment of retired pay was linked to changes in rates of basic pay for the Active Force. The system of adjustment, referred to as "recomputation," involved adjusting the pay of retired military personnel on the basis of the active duty basic pay rates. Whenever the latter were changed retired members had their retirement pay recomputed.

Apart from historical precedent, recomputation has certain advantages. Since retirement pay is based on active duty, disparities in rates of retirement pay between members of the same grade and length of service were avoided. Moreover, a member retired either involuntarily or voluntarily, whether for age, physical disability, or length of service had no reason to seek a delay in his retirement. He knew that his retirement or his retainer pay would be the same whether he retired before or after a pending pay increase. Under recomputation the retirement date as such was not crucial since the level of retirement pay always bore the same relationship to active duty basic pay.

On the other hand, some inequities are entailed in the recomputation system. The major one of these revolves around the issue of preserving the real value of the retirement annuity. Under recomputation, changes in retirement pay grew out of changes in the management needs of the active duty force, and these are not always consistent with preserving the value of retirement pay. For example, some grades have received a very limited increase since 1952 while other grades have received a relatively substantial increase. Such selective increases are likely to be the basis for future changes in rates of basic pay; they are likely to be designed exclusively to meet the needs of the active duty force. And we believe strongly they should be designed to meet those needs. It would be inevitable for some groups on the retired lists to suffer real income erosion if strict adherence to recomputation were practiced.

But the most important drawback of recomputation, Mr. Chairman, involves the inevitable constraint which it places on the management of the compensation of the active duty force, which must remain of paramount concern.

When the number of retirees was modest relative to the number of men in the active duty establishment, the retirement cost impact of increasing active duty pay was minimal. In 1954 there were 5.8 men on the retired rolls for each 100 men on active duty.

However, as the retired rolls increased with the pending retirement of large numbers of men who entered military service during World War II, the impact of recomputation would grow proportionately. Currently, there are 12 men on the retired rolls for each 100 in the active duty force; by 1970, assuming our active duty force remains at the current level, 25 will remain in retirement for each 100 men on active duty.

By then, if a recomputation system were in force, the cost impact of changes in the active duty rates on retirement cost could have a profound and negative impact on efficient management of the compensation of active duty personnel.

The most promising alternative we have found to recomputation is adjustment of retirement pay on the basis of increases in the Consumer Price Index. Placing future increases in retired pay on a cost-of-living concept would allow the Department of Defense maximum flexibility in managing the active duty forces, offer some prospect of holding the cost of the retired rolls within reasonable limits, and achieve the primary objective of stabilizing and maintaining the purchasing power of the retiree's annuity.

Acceptance of this principle, however, does not reconcile the Government's obligation with respect to those members now on the retired lists who were denied recomputation in 1958. The question is whether they should be allowed to recompute on the 1958 pay rates with the explicit understanding that henceforth, all personnel retired, or to be retired, will have periodic adjustments to retired pay made on recognized changes in the cost of living. The alternative would be to apply the straight cost-of-living adjustment to all persons now retired, irrespective of the base upon which their present retirement pay was computed.

For two reasons the Department of Defense has concluded that the first course of action should be taken and we recommend it to this committee: First, those who were in the active duty force prior to 1958 and were retired prior to June 1, 1958, had every reason to expect that their retirement pay would be based on active duty pay scales at the time of retirement and thereafter. Recomputation was provided for by law and had been practiced for 100 years. In other words (no notice had been given that the system would change). Second, the objective of the 1958 pay adjustments was to correct 'compression' which had occurred since 1942, by raising most sharply the pay of those in the higher ranks. The 'compression' did not take place because the pay of the low grades was too high, but, rather, because that of the high grades was too low. Thus, those senior retired officers who were denied recomputation were in effect being told that while they were on active duty they had been underpaid, but that they would not be able to enjoy recognition of this fact (as embodied in the 1958 Pay Act) through recomputed retirement pay.

The cost of recomputation for this group will amount to \$32 million for the first 12 months following the effective date of the bill. The lifetime cost is estimated at \$600 million, but of course this is a cost projected over some 40 years in the future.

After recomputation based on the 1958 pay scales for those members whose retired pay is computed under the Career Compensation Act of 1949 (the 1958 scales are already applicable to the great majority of personnel heretofore retired), all those on the retired list would have their retirement pay increased by 5 percent, the increase in the Consumer Price Index between June 1958 and December 1962.

All members whose retired pay is currently more than they would receive under the 1958 scales (e.g., persons for whom the 6-percent increase in 1958 was more than they would have received under recomputation on the 1958 scales) would retain their present rate of retired pay, increased by 5 percent.

The overall cost of the 5-percent increase to all members on the retired list is approximately \$56 million for the first 12 months following the effective date of H.R. 3006.

Enactment of H.R. 3006 would require, Mr. Chairman, additional annual appropriations to the Department of Defense of \$1.2 billion, not including an estimated increase in accruing retirement costs of \$230 million. Apart from the increase in quarters allowance which was voted by the Congress last year, this proposed bill represents the first increase in compensation which the members of our Armed Forces will have received in almost 5 years—a period of time during which the wages and the cost of living of both the public and private sectors of our economy have increased substantially. Although the cost of the increases we are now proposing are substantial, we feel they are fully justified and in the national interest.

In addition to the specific proposals before you, I wish to state that it is my hope that, in fairness to the dedicated men and women of our Armed Forces, future adjustments in their compensation can be kept abreast of changes in the national economy on a timely and regularized basis. Toward this end, the Department of Defense plans to review military compensation annually. Changes in productivity and price levels as reflected in pay rates for the civilian sector will be used as a guide to determine appropriate adjustments in military pay scales. This procedure will result in more frequent and consequently more modest increases in military pay.

In conclusion, Mr. Chairman, while I have been discussing badly needed adjustments in military pay, I should like to say that pay alone cannot insure the degree of dedication and sacrifice which we demand, and receive, from the members of our armed services. Whether or not we will continue to have the most effective Armed Forces in the world will depend ultimately on the motivation of the people involved in it. This involves a combination of national and personal pride, of confidence in leadership and of a feeling that the efforts and sacrifices that the individual must make in serving his country, particularly in time of peace, are respected and recognized by the country as a whole. An important element of this recognition, however, is proper compensation for the unique services he is rendering. It is to this element that I address my statement today, and I wish to express my appreciation to the House Armed Services Committee and to this subcommittee for your prompt consideration of the measures we have proposed.

Thank you, Mr. Chairman.

(The tables referred to are as follows:)

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Examples of regular compensation for officers under present and proposed scales (H.R. 3006)

[All figures are on a monthly basis]

Pay grade	Title	Years of service	Basic pay	Quarters allowance	Subsistence allowance	Tax advantage	Total, regular compensation	Percent increase to basic pay only
O-10	Chief of Staff	30	\$1,875 \$1,970 Increase \$95 Percent increase in regular compensation 4.2	\$201 \$201 0 0	\$48 \$77 \$29 1.3	\$148 \$183 \$85 1.5	\$2,272 \$2,481 \$159 7.0	5.1
O-10	General; admiral	30	\$1,700 \$1,785 Increase \$85 Percent increase in regular compensation 4.1	\$201 \$201 0 0	\$48 \$77 \$29 1.4	\$136 \$160 \$24 1.1	\$2,085 \$2,223 \$138 6.6	5.0
O-9	Lieutenant general; vice admiral	30	\$1,500 \$1,575 Increase \$75 Percent increase in regular compensation 4.0	\$201 \$201 0 0	\$48 \$77 \$29 1.5	\$121 \$143 \$22 1.2	\$1,870 \$1,986 \$126 6.7	5.0
O-8	Major general; rear admiral (upper half)	30	\$1,350 \$1,420 Increase \$70 Percent increase in regular compensation 4.1	\$201 \$201 0 0	\$48 \$77 \$29 1.7	\$119 \$131 \$19 1.1	\$1,711 \$1,823 \$118 6.9	5.2
O-7	Brigadier general; rear admiral (lower half)	28	\$1,175 \$1,235 Increase \$60 Percent increase in regular compensation 3.9	\$201 \$201 0 0	\$48 \$77 \$29 1.9	\$101 \$117 \$16 1.1	\$1,525 \$1,630 \$105 6.9	5.1
O-6	Colonel; captain	24	\$910 \$1,000 Increase \$90 Percent increase in regular compensation 7.5	\$170 \$170 0 0	\$48 \$77 \$29 2.4	\$74 \$90 \$16 1.3	\$1,202 \$1,337 \$135 11.2	9.9
O-5	Lieutenant colonel; commander	21	\$745 \$835 Increase \$90 Percent increase in regular compensation 8.9	\$158 \$158 0 0	\$48 \$77 \$29 2.9	\$59 \$76 \$17 1.7	\$1,010 \$1,146 \$136 13.5	12.1
O-4	Major, lieutenant commander	19	\$630 \$725 Increase \$95 Percent increase in regular compensation 10.9	\$145 \$145 0 0	\$48 \$77 \$29 3.3	\$49 \$63 \$14 1.6	\$872 \$1,010 \$138 15.8	15.1

Examples of regular compensation for officers under present and proposed scales (H.R. 3006).—Continued
[All figures are on a monthly basis]

Pay grade	Title	Years of service	Basic pay	Quarters allowance	Subsistence allowance	Tax advantage	Total, regular compensation	Percent increase to basic pay only
O-3.....	Captain; lieutenant.....	8	\$460 \$540 \$80 11.8	\$130 \$120 0 0	\$48 \$77 \$20 4.3	\$41 \$50 \$9 1.3	\$679 \$797 \$118 17.4	17.4
O-2.....	First lieutenant; lieutenant (j.g.).....	4	\$370 \$435 \$65 11.3	\$120 \$120 0 0	\$48 \$77 \$20 4.3	\$37 \$46 \$9 1.6	\$575 \$678 \$103 17.6	17.6
O-1.....	Second lieutenant; ensign.....	0	\$222 \$270 \$48 6.7	\$110 \$110 0 0	\$48 \$77 \$20 4.3	\$35 \$41 \$9 1.5	\$415 \$478 \$63 15.2	15.2
W-4.....	Chief warrant; commissioned warrant.....	24	\$543 \$635 \$92 11.8	\$145 \$145 0 0	\$48 \$77 \$20 4.3	\$46 \$57 \$11 1.4	\$782 \$914 \$132 16.9	16.9
W-3.....	Chief warrant; commissioned warrant.....	21	\$470 \$540 \$70 10.2	\$130 \$130 0 0	\$48 \$77 \$20 4.3	\$41 \$50 \$9 1.3	\$689 \$797 \$108 15.7	15.7
W-2.....	Chief warrant; commissioned warrant.....	18	\$405 \$470 \$65 10.5	\$120 \$120 0 0	\$48 \$77 \$20 4.3	\$37 \$46 \$9 1.3	\$611 \$712 \$101 16.5	16.5
W-1.....	Warrant officer; warrant officer.....	14	\$354 \$405 \$51 9.3	\$110 \$110 0 0	\$48 \$77 \$20 4.3	\$35 \$42 \$7 1.3	\$547 \$634 \$87 15.9	15.9

NOTE.—The tax advantage is computed on the basis of 3 dependents, except 2 dependents for O-2 and 1 dependent for O-1.

Examples of regular compensation for enlisted personnel under present and proposed scales (H.R. 3006)

[All figures are on a monthly basis]

Pay grade	Title		Years of service	Basic pay	Quarters allowance	Subsistence allowance	Tax advantage	Total, regular compensation	Percent increase to basic pay only
E-9	Sergeant, master; master chief petty officer.	Present. H.R. 3006. Increase. Percent increase in regular compensation.	20	\$430 \$455 \$55 8.9	\$120 \$120 0 0	\$31 \$31 0 0	\$33 \$34 \$1 0.2	\$614 \$670 \$56 9.1	12.8
E-8	Master sergeant; senior chief petty officer.	Present. H.R. 3006. Increase. Percent increase in regular compensation.	19	\$360 \$415 \$55 10.1	\$120 \$120 0 0	\$31 \$31 0 0	\$33 \$33 0 0	\$544 \$599 \$55 10.1	15.3
E-7	Sergeant; chief petty officer.	Present. H.R. 3006. Increase. Percent increase in regular compensation.	18	\$340 \$365 \$25 4.8	\$115 \$115 0 0	\$31 \$31 0 0	\$32 \$32 0 0	\$518 \$543 \$25 4.8	7.4
E-6	Staff sergeant; petty officer, 1st class.	Present. H.R. 3006. Increase. Percent increase in regular compensation.	14	\$275 \$310 \$35 7.8	\$110 \$110 0 0	\$31 \$31 0 0	\$31 \$31 0 0	\$447 \$482 \$35 7.8	12.7
E-5	Sergeant; petty officer, 2d class.	Present. H.R. 3006. Increase. Percent increase in regular compensation.	10	\$240 \$260 \$20 4.9	\$105 \$105 0 0	\$31 \$31 0 0	\$30 \$30 0 0	\$406 \$426 \$20 4.9	8.3
E-4	Corporal; petty officer, 3d class.	Present. H.R. 3006. Increase. Percent increase in regular compensation.	5	\$170 \$200 \$30 8.9	\$105 \$105 0 0	\$31 \$31 0 0	\$30 \$30 0 0	\$356 \$366 \$10 8.9	17.6
E-3	Private, 1st class; seaman.	Present. H.R. 3006. Increase. Percent increase in regular compensation.	1	\$99 \$115 \$16 10.1	\$18 \$18 0 0	\$31 \$31 0 0	\$11 \$11 0 0	\$159 \$175 \$16 10.1	16.2
E-2	Private; seaman apprentice.	Present. H.R. 3006. Increase. Percent increase in regular compensation.	1	\$86 \$95 \$9 6.2	\$18 \$18 0 0	\$31 \$31 0 0	\$11 \$11 0 0	\$146 \$155 \$9 6.2	10.5
E-1	Private; seaman recruit.	Present. H.R. 3006. Increase. Percent increase in regular compensation.	0	\$78 \$85 \$7 5.1	\$18 \$18 0 0	\$31 \$31 0 0	\$11 \$11 0 0	\$138 \$145 \$7 5.1	9.0

¹ Government cost of quarters in barracks.

² Under 4 months.

NOTE.—The tax advantage is computed on the basis of 3 dependents in grades E-9, E-8, E-7, E-6; 2 dependents in E-5; 1 dependent in E-4; no dependents in E-3, E-2, E-1.

Mr. RIVERS. Thank you very much, Mr. Secretary.

Members of the committee, I am going to ask the subcommittee to meet this afternoon, and then, ask Mr. Blandford, to ask the Secretary some questions.

If you don't mind, we will come back here at 2 o'clock and meet this afternoon.

So the committee will recess until 2 o'clock this afternoon.

(Whereupon, at 11:55 a.m., a recess was taken until 2 p.m. the same day.)

AFTERNOON SESSION

Mr. RIVERS. The committee will come to order.

Mr. Secretary, in order that we get started here, down in the southern area of agreement, or disagreement, have you had a chance to look at the statement I made?

Mr. PAUL. Yes, sir; I have had a chance to look at it, Mr. Chairman. I have not had an opportunity to, of course, discuss it with the Secretary or with the services, as yet.

Mr. HARDY. You are up here representing the Secretary. You are supposed to be able to express your opinion. As far as the services are concerned, they are going to do what you tell them, anyhow.

Mr. PAUL. They may have an opinion on some of these issues. We have not had a chance to discuss it with them.

Mr. HARDY. If they express an opinion contrary to yours I would be surprised.

Mr. RIVERS. Let us start on page 2 where we suggest a change in E-4. I will ask Mr. Blandford to take on right there.

Mr. BLANDFORD. All right, sir. Under present law, the E-4 has the basic pay increment at the over-8-year point. Your proposal puts that back to the over-6-year point. A rapid calculation indicates there are about 90,000 E-4's who have over 6 years of service who would be frozen at the over-6-year point at \$210. Now, we are reducing by one increment the increase there, and therefore there are 90,000 individuals now serving on active duty who while they will get a pay increase in this proposal, nevertheless they will be frozen at the over-6-year point rather than at the over-8-year point.

If we should make any upward adjustments, a figure, say, of \$10 a month, to take that to \$220, I think the subcommittee should understand that any time you make these adjustments in pay, for example, even a simple adjustment of \$10 a month at that point, i.e. at the over-8, increasing the pay \$10 more than at the over-6, would involve about \$12 million.

Mr. RIVERS. You start off with the first, it would be roughly 40,000 the first?

Mr. BLANDFORD. The breakdown in your books --

Mr. RIVERS. There are about 40,000 affected.

Mr. BLANDFORD. At the over-8-year point there are now about 40,000. If you will turn to your tab 5, in your book --

Mr. RIVERS. Five or four?

Mr. BLANDFORD. Tab 4. You will see at the over-6-year point the E-4's by number. The proposal is to take them up \$10 a month which is quite a handsome increase, percentagewise, 16.7 percent. However, under present law they have a \$10 a month increase in their basic pay

at the over-8-year point, and you propose to freeze them at the over six point.

Now, what we are doing there, as you can see from the column, there are 40,743 E-4's who have over 8 years of service, 24,000 with over 10, 14,000 with over 12, 7,000 with over 14, and then it stretches out, you have even 8 with over 30 years of service.

The only reason this point was raised is that, of course, out of a total of E-4's in this grade, and there are a total of 451,000, it is perfectly obvious from a career viewpoint that the bulk of these people are making E-4 prior to 6 years of service, and those who continue beyond the 6-year point I think we can say, without being derogatory, have certainly not made the same progress in proportion to the vast majority of their counterparts in that grade.

Is this the reasoning behind the reduction in the increment?

Mr. PAUL. Yes, that is the reasoning behind it, that the majority of them achieve that higher rate prior to that time.

Mr. BLANDFORD. Yes; in other words, to make it clear to the committee, of the 451,000 E-4's there are about 90,000 who have 8 years of service, or more.

Now, to bring in an increment at that point would cost about \$12 million a year, and the question is, what do you obtain for that additional \$12 million considering the fact that they also will get a pay increase, because the basic pay will stop at 210, and their basic pay today in that category is 190. So they will get a \$30 a month increase notwithstanding the fact their increment stops at the over-6-year point.

You do not recommend going beyond that point, Mr. Secretary?

Mr. PAUL. We had not; no, sir.

Mr. BLANDFORD. You do not now recommend we go beyond that point?

Mr. PAUL. I don't recommend it, although there is some validity in your position on it.

Mr. RIVERS. It stays at 210.

Mr. BLANDFORD. He does get a \$30 a month increase. It is just a question of whether he should get a \$30 or \$40 a month increase. That is really what it boils down to.

Mr. HARDY. Do you know why we put that over-8-year cutoff point before?

Mr. BLANDFORD. This was the promotion flow at that time, basically. This was the promotion flow.

There is another chart in your book here which shows you the normal promotion points, and I think that you will find that the E-4—you will find on chart 6—that the average E-4 who was promoted to E-5 has 5.6 years of service, or 5.9 as a DOD average.

Now, if this is the increment concept throughout the pay scale, it would appear to make sense, Mr. Hardy, that the pay scales must be geared to a normal flow of promotion, so that if your average man is getting promoted at average points in this career, then following the original concept of the Hook Commission and the changes made in the Cordiner report which we modified in 1958, when we cut back some of the increments, then it would make sense to stop this increment at the E-4 point at the over 6 years of service.

Mr. HARDY. Well, that would seem to indicate that this period of

promotion has moved, has been shorter--the period served as E-4 has been moved down to a shorter time than it was in 1958.

Mr. BLANDFORD. I would think perhaps there has been some modification, perhaps by a few months, perhaps a year, that they are making E-5 somewhat sooner than what we were led to believe was taking place in 1958.

Mr. HARDY. If that is the case, this would seem to be a reasonable cutoff point.

Mr. BLANDFORD. Yes. I think the only reason Mr. Rivers wanted to bring it out in his statement was to indicate these factors have all been considered. In other words, there will be people who will say "why did you stop at the over 6, when existing law says over 8?" Now, we have the explanation as to why the Department did this.

Now, I would like to ask, Mr. Chairman, if the Department has any objection to moving the W-4 at the over-30-years point at 685, back to the over-26-years on the reasoning Mr. Rivers used this morning that we require our warrant officers W-4 to retire 60 days after they complete 30 years of service.

Mr. RIVERS. They should, because of the big number.

Mr. PAUL. No, sir; I think that makes a lot of sense.

Mr. RIVERS. This will give him the benefit of the promotion.

Mr. HARDY. What does that do in terms of cost?

Mr. BLANDFORD. \$785,000, am I correct in that?

Colonel BENADE. About \$292,000.

Mr. RIVERS. A year?

Mr. BLANDFORD. A year, yes.

Mr. RIVERS. Where does that take us?

Mr. BLANDFORD. 972, W-4's who have over 26, and they will be drawing \$685 a month, rather than \$660 a month, 4 years sooner than they would otherwise draw under the proposal.

Mr. HARDY. The increase as it is set up here in the bill is meaningless as far as these people are concerned.

Mr. BLANDFORD. That is right, because they only draw it for 60 days and then retire.

Now, Mr. Chairman, if we are going to go through your statement I suggest we turn to something reasonably controversial, which is section 2(b), and I would like to refresh the subcommittee's mind on this.

There is about \$38 million involved here. What the Department proposes to do--and this only applies to inactive duty training, it does not apply to active duty training or active duty. What the Department proposes is that those persons who still have an obligated service; in other words, people who must continue to serve in the Ready Reserve, by going to drill one night a week, or weekends, if that is necessary, will only be able to compute their basic pay, and they are entitled to a 30th of a month's pay, or 1-day's pay for 2-hour's drill, and this has been traditional on the 1958 pay scales.

In other words what the Department proposes is that we freeze these individuals under existing pay scales, and not apply the new pay scales to them. The chairman's position is that this is an unjustified discrimination between the obligated and unobligated reservists particu-

larly at a time when only about 50 percent of the eligible males in this country are actually serving on active duty in one form or another.

Mr. HARDY. Find out how you got the number?

Mr. BLANDFORD. The statement indicated it was merely the fact they have an obligated service, but certainly we ought to understand their position.

Mr. PAUL. That is substantially it. The fact that this particular group is serving through regular obligation, which usually runs between the ages of 18 and 26, either through being assigned to Ready Reserve units following having been inducted for 2 years, or as voluntary enlistees, or part of the 6 months' training program. It was intended principally on our part to provide an additional incentive by raising the pay of the unobligated reservists, an incentive to have more of them to seek to continue in the Reserves. It does not reflect or was not intended to reflect, Mr. Chairman, the idea that we want to put our foot on the obligated people in the Reserve forces. Our interest is to have a maximum Ready Reserve force. There was no reflection intended by our proposal on the people who happened to be in the Reserves because they are obligated.

Mr. BLANDFORD. The net result is that you do so, is it not?

Mr. PAUL. Well, there is a distinction between the treatment between the two; that is right.

Mr. RIVERS. He walks into it with his eyes open, he knew what he was getting, the obligated?

Mr. PAUL. Yes, sir.

Mr. BENNETT. The principal desire is to cut down the expense of the bill.

Mr. BLANDFORD. \$38 million is involved in this.

Mr. PAUL. I think the whole subject of drills is one on which there has been considerable discussion. Probably a lot more study ought to be given to it. The man is paid 1 day's pay for 2 hours of drill, or 2 days' pay for a multiple-drill period. I think the only reason I can give, Mr. Chairman, is the one I had in my statement.

Mr. BLANDFORD. You would not take great exception if the committee deleted that part of the bill?

Mr. PAUL. Mr. Blandford, I really can't assume final responsibility in these matters. As you know, I am working for the Department of Defense. I have not exposed these to the Secretary.

Mr. HARDY. That puts us in a right awkward sort of position, though, to try to work out anything here, with the expectation we have any understanding from the Department as to whether or not we are going to have strong opposition. I thought Mr. McNamara—you made his speech for him this morning. He didn't think enough of this to come down himself. I thought you would be able to speak for him. We wouldn't have to ask anybody else. He couldn't come down here.

Mr. BLANDFORD. He is with the German Defense Minister today.

Mr. HARDY. I understand that.

Mr. BLANDFORD. I believe you will find this is the reason Mr. Rivers stated, and I think probably the Assistant Secretary of Defense would certainly concur in the last paragraph of Mr. River's statement, that

the responsibility for writing a pay bill is the responsibility of the Congress.

Mr. RIVERS. He told us what he thought. Let's go to the next thing.

Mr. BATES. Is there any other distinction?

Mr. BLANDFORD. I was asking if the Secretary will agree with that statement?

Mr. PAUL. Yes, sir.

Mr. BLANDFORD. Therefore what we decide to do is merely meeting our responsibilities.

Mr. PAUL. Yes, sir.

Mr. OSMERS. Mr. Blandford a moment ago mentioned how many people would be affected by this particular section, I believe.

How many people would be affected by this \$38 million?

Mr. BLANDFORD. 400,000-odd—

Mr. PAUL. I have some figures on that if that will help.

Approximately 960,000 people are in the Ready Reserves now, Mr. Osmers. Of that number close to 69 percent are in the obligated category. Under the chairman's proposal, they would be entitled to get the increased pay.

Mr. OSMERS. And the increased pay that has been proposed amounts to about \$38 million?

Mr. PAUL. That would be the annual cost of the increase.

Mr. OSMERS. The annual cost of the increased pay for all of the obligated reservists.

Mr. BLANDFORD. No, sir. There is a \$38 million savings if you don't apply the new pay scales to the obligated reservists.

There is, of course, also an annual increase in the pay of reservists, because you will have many reservists drawing inactive duty pay for obligated and unobligated service. The question here is whether you want to enact a law which will discriminate between the obligated and unobligated reservists, it is as simple as that.

Mr. OSMERS. I am very glad to have the matter clarified.

Mr. BATES. Is there any such distinction anywhere else in the law, with people of the same rank at different pay?

Mr. PAUL. Not that I know of, Mr. Bates.

Mr. BATES. In retired cases, of course, but outside of the retired cases?

Mr. PAUL. Not that I know of.

Mr. BENNETT. I was intrigued with something you said, Mr. Secretary, although you said it was not directly pertinent to this. This is the first time I had this thought brought to my attention. You brought out that these people actually are being favored at the present time, because they put in 2 hours a day when others put in a full day's work. In other words they are being discriminated for.

If that is your thinking, is there any law—or I ask is there any law that requires you to pay them on a 2-hour basis or is that a regulation within the Department?

Mr. PAUL. That is the law.

Mr. BENNETT. Have you made any recommendations for changing that law?

Mr. PAUL. Only to the extent of the present proposal, in the case of the obligated reservists, their pay would not follow the pay of the active duty force. That would be an amendment to the law.

Mr. BENNETT. Personally it seems to me there is some merit in what you said along this line, but it seems to me like you said also, the thing ought to be handled in a different way. I don't like the idea myself of discriminating between people just because they are obligated or unobligated. This doesn't appeal to me as being very logical. If you are going to bring about equality, maybe they ought to have equality. Maybe you ought to pay them more equally. Presently you say the benefits run the other way. So maybe you ought to bring it into the law to correct that.

Mr. PAUL. It is a matter we are studying. We have no recommendations to make on it at this time.

Mr. HARDY. I have this comment, if the Chairman will permit. We are talking now in terms of incentive and in terms of people performing in the service, either reserve or otherwise. If they've got obligated service, you don't have to pay them an increase in order to keep them, is that right?

Mr. RIVERS. If you have them obligated you have them obligated.

Mr. HARDY. Of course that is right. The unobligated is a voluntary proposition.

Mr. PAUL. Generally, in our proposed active duty pay scales, the greater increases are at the points where a man makes the decision whether he is going to elect to make a career of the armed services. Lesser increases were made in grades where members are in an obligated category.

Mr. HARDY. You don't have to give them a financial incentive in that situation?

Mr. PAUL. No, sir.

Mr. BLANDFORD. May I ask this question, Mr. Secretary. I am under the impression that the appropriation for paying these reservists comes out of the appropriation for reserves.

Mr. PAUL. Yes, that is right.

Mr. BLANDFORD. Now, then, this \$38 million that you would save would merely accrue to the reserve appropriation, and if this section is deleted from the bill, this will not result in any net savings to the Federal Government as such, it will merely result in a net increase of \$38 million to be available for reserve participation.

Mr. PAUL. I believe that is correct. Is that correct?

Colonel BENADE. That is correct.

Mr. BLANDFORD. Yes. In other words, we don't cut down anything. Striking out this section merely means the reserve appropriation will have to pick up the \$38 million some place.

Mr. PAUL. Yes, they would have to seek an additional appropriation.

Mr. BLANDFORD. Not necessarily an additional appropriation, because obviously they haven't anticipated this as yet.

Mr. PAUL. No.

Mr. RIVERS. Will you admit that we have a pretty fair observation here?

Mr. PAUL. Yes, sir.

Mr. BLANDFORD. Let's get to something that is really extremely complicated, and as the chairman has indicated for several reasons does not belong in this bill, and that is the question of constructive credit.

In the first place, under the section as you write it, each Secretary would decide which holders of post-graduate degrees would receive constructive credit. To refresh the committee's memory on this, I mention the fact we do have constructive credit today in many areas: doctors, dentists, veterinarians, chaplains, Ph. D.'s allied with medicine and lawyers. However, only physicians and dentists may count their constructive credit for longevity pay purposes. This is something this committee did deliberately in 1957, in order to provide an inducement to keep some of these doctors from leaving the service.

It has worked out fairly successfully, even though they are a year behind their counterpart in the Veterans' Administration. Nevertheless, it stopped the exodus. We made special provisions for dentists and doctors, insofar as constructive longevity pay is concerned.

Let me tell you what constructive credit means, so we will understand what this is about: It is the concept that when you enter on active duty you are presumed for promotion purposes to have already served on active duty for up to 3, 4, or 5 years. Now, if this helps you for promotion purposes only, this means that you could come on active duty as a first lieutenant or captain, depending on the amount of constructive credit awarded to you, and then that makes you eligible for promotion at an earlier date. The theory behind constructive credit is that if you went to college with John Smith, who, when he graduated, immediately went on active duty in the Armed Forces, he would now be a captain if he had, say, 6 years of active duty. On the other hand, if you had gone to law school at your own expense for 3 years, you would be 3 years behind him if you entered on active duty. Yet the services are using you as a lawyer, and they are taking your training and making use of it. So we give constructive credit to certain groups of people. But we only give constructive credit for longevity pay purposes by special law to physicians and dentists.

Now, what the Department seeks here, and unfortunately this whole question is tied up with the so-called Bolte legislation, which we do not have as yet, but is under active consideration in the Department of Defense. What we have here is a concept that we should allow each Secretary to provide constructive credit for those with postgraduate degrees. Unfortunately, those degrees are not named. This would be up to the Secretary to decide which postgraduate degree holders would receive this constructive credit, and beyond that is the fact that this provision, as written, is not for practical purposes retroactive. This means a lot in dollars and cents. Let me give you an example of what I am talking about. Two brothers go to law school. One brother graduated from law school and was admitted to the bar 4 years ago, and came on active duty in the armed services. The other brother graduates this year, and enters on active duty under the proposal before us. I asked the departments to run a cost analysis of what this would mean under this proposal over a 20-year period. Under this proposal the officer who is commissioned and given constructive credit for longevity pay purposes, which would not be applicable to his older brother who has already served on active duty for 4 years, would receive \$14,950 more pay than his older brother over a period of 20 years of service.

Mr. GAVIN. What is constructive credit?

Mr. BLANDFORD. Constructive credit is a credit that is given to an individual who has obtained advanced training at his own expense and, therefore, it is recognized when he comes on active duty that they should give him a grade commensurate with the amount of his training. Its purpose is to put him on the list so he will come up for promotion and be in the same grade his counterpart would be in who graduated from college at the time he did, but who did not acquire a professional degree.

Mr. GAVIN. In other words, professional background entitles him to more consideration?

Mr. BLANDFORD. That is it; yes, sir.

Now, under these circumstances, Mr. Secretary, would you agree that in order to expedite a pay bill, and this is, after all, a pay bill, that this is more of a promotion and appointment problem than it is a pay problem, even though the constructive credit feature is involved here, and that it would be——

Mr. RIVERS. Don't you think it would be better to have it put in the report?

Mr. PAUL. Certainly, it does have elements of promotion, perhaps predominantly over pay. It could have been in either piece of legislation. We do feel quite strongly that this is a worthwhile provision, and as long as Congress is willing to consider it, just which bill they wish to consider it in is something we would defer to your judgment.

Mr. BLANDFORD. Well, in the meantime, Mr. Chairman, may I suggest the Department further consider the very serious problem, when you have a retention problem of officers, and when you say to an officer who served on active duty for 4 years, and this is the man you are trying to appeal to, when you say to that man, we don't care about you, we are only worried about the man who comes in next, you are not going to help your retention problem, because the retention problem involves the man who already has served 4 years. There is a retro-active problem here that must be considered.

Mr. BATES. As a matter of fact, Mr. Chairman, the services select people according to their professional ability, and there might be two or three individuals competing for a certain school.

The first year they might select the best man. The next year the second best man, the third year the next best man. You set this bill up so that the worst of the three would get entitled to more pay under this bill, according to the timetable.

Do you understand what I am saying?

Mr. PAUL. Yes.

Mr. BATES. I think we ought to put this on the side and take it up separately.

Mr. BLANDFORD. Yes, sir.

Mr. HARDY. I think we ought to put it to the side, I don't know whether we ought to take it up or not.

I have another problem. I don't know whether you want to do it here or not, but I know eventually if we do take it up I would like to have a clearer explanation made of why there is any merit in permitting constructive credit for longevity pay for a period when they weren't serving in the military service. That is what it amounts to.

I can subscribe to the propriety of constructive credit, but if you are going to give a man credit for longevity pay based on the period of time he wasn't even in the military services, then we better start a whole new concept.

Mr. BATES. It is just as good a case as somebody getting paid at graduate school while they were in the service.

Mr. BENNETT. Two wrongs don't make a right.

Mr. BATES. No.

Mr. HARDY. He may have been in military service, and been studying.

Mr. RIVERS. They wanted me to include all of the service academies in this bill.

Mr. GAVIN. While you are on the particular subject take the three academies. How long do they serve, say, the U.S. Military Academy, how long are they required to serve after they graduate?

Mr. BLANDFORD. Four years for all services now.

Mr. GAVIN. For the Navy, too?

Mr. BLANDFORD. All are 4 years now. We finally have them all uniform. It took quite a while to do it, but they are all uniform.

Mr. RIVERS. This is a comprehensive bill, so comprehensive the chairman said he would appreciate it if we would get out a pay bill. This is why we want to tailor it as close as we can to a pay bill. We have had many conferences with the chairman, and he has been here a lot of summers with us.

Let us go to the next point.

Mr. BLANDFORD. If I may, unless you wish to get into retired and retainer pay, I would like to leave that for the last discussion.

Mr. GAVIN. What page is that?

Mr. BLANDFORD. On page 5 of the chairman's statement, pages 5, 6, and 7, page 12 of the bill, I believe.

Mr. RIVERS. Do you want to leave this until the last?

Mr. BLANDFORD. I think this is going to create more questions than anything else. We could go back to it today, but I would like to consider eliminating some of these other provisions we discussed in order that we can narrow the field of issues here as much as possible.

Mr. RIVERS. We pretty well agree with him on that, on the retirement pay.

Let us go to the next point.

Mr. BLANDFORD. Let us turn to page 9 of the chairman's statement.

Page 16 of the bill, which is submarine pay for members training for duty on nuclear-powered submarines, page 9 of the chairman's statement, and page 16 of the bill.

I think everybody understands basically what the problem is, and that is we have got to do something to pay these "submariners," and I use that word advisedly, who, if they transfer, or are ordered to a school for advanced training in nuclear submarines, lose their submarine pay while they are in school. Of course, this means a considerable loss in their income, because they are now on submarines, therefore, they do not volunteer for this duty because they prefer to stay on snorkel-type submarines, or the conventional submarines, and thus retain their submarine pay.

The Navy has a very serious problem. The chairman's objection was that the bill as written was a little bit too broad. I might say that the subcommittee print that was prepared is a little bit too restrictive. So somewhere in between is the answer to this whole problem of submarine pay, I think we are all familiar with submarine pay, and also familiar with the fact that, with the exception of the double crews for the Polaris submarine, if you are gone from a submarine I think it is for more than 15 days, there is one exception, I think you can be hospitalized for 30, perhaps, or maybe you can go on leave for 30, and be hospitalized for 15, one or the other, but submarine pay is something you lose very quickly if not assigned to and serving on a submarine. In that respect, it is different from flight pay. You can't make up submarine pay by going out and making four dives at a later date. This has been traditional and the Navy has no problem with it.

There is a severe problem as far as the Navy is concerned today in obtaining volunteers for the nuclear force.

Mr. BATES. Do we have a statement to that effect?

Mr. BLANDFORD. I am really quoting from the panel study on this, Mr. Bates. I am sure Admiral Smedberg will certainly comment on it in his testimony.

Mr. RIVERS. I might say at this point to the chiefs of personnel—this isn't designed in anywise to proscribe your capacity to give your views in this hearing, whenever you are free to discuss them. I am sure you can discuss any area you want to. We want to get the views of the Secretary as relates to what is good and what is bad in my statement so far as he is concerned. We have only gone nine pages so far.

Mr. BLANDFORD. Page 10 of your statement, Mr. Chairman, deals with inside a high- or low-pressure chamber. Now, we changed the law several years ago to provide special pay or incentive pay, not special pay, and we have got to be careful of terminology—special pay is one thing, and incentive hazard pay is something else.

The present pay already takes care of the man who is a low-pressure chamber inside observer. However, that is not always the man who is in danger, as I understand the situation. There is as much danger in a high-pressure chamber, and it doesn't make much difference whether you are there on duty or as an observer, you can get blown apart one way or the other, either inwardly or outwardly, depending on whether it is a high- or low-pressure chamber.

I don't know what the backup evidence is in support of this, whether there has been any fatalities. I think if anybody who has taken the chamber test out at Andrews Air Force Hospital—I have not, but I have been told about it to the point where I am not sure I want to take it now—when you are exposed to these various changes in pressure, that there are some very definite physical changes that take place in your body, and I am told sometimes for several days thereafter you have trouble hearing, among other things.

Mr. PAUL. That is right.

Mr. BLANDFORD. What is your justification, Mr. Secretary, for adding the high-pressure chamber, and also eliminating the word "observer"?

Mr. PAUL. I think pretty much for the reasons you stated, Mr. Blandford. There is an increasing need for human volunteers in these fields of experimentation, particularly in the aeronautical field. As our air and undersea weapons get more sophisticated, these experiments are going to be more and more frequent, and more dangerous. I don't know of any deaths that have occurred, but as you point out it doesn't make any difference whether you are there as an observer or subject, you are in the same chamber and subjected to the same dangers.

There have been permanent physical injuries, that I do know. This is also a volunteer program.

Mr. HARDY. In the incentive pay areas, how long do these incentive pay rates continue?

Mr. BLANDFORD. Only while they are assigned to training.

Mr. HARDY. Then it is of short duration?

Mr. BLANDFORD. Well, the only type of incentive pay that attaches to a man that can go through his career regardless of whether he is serving in the Pentagon or at an airfield, is flight pay. This is done for a very good reason, because of the fact that the man must remain proficient in flight, and he must fly so many hours a year, and do so much instrument flying, because if he didn't do it, our accident rate would go up and we would lose more in loss of aircraft and men than the cost of flight pay.

But this is the only one, to my knowledge, where the man can draw this incentive pay when he is actually not assigned to a duty involving flying. In other words, where the primary duty is flying. All other incentive pays are tied in with the primary duty involved, such as handling demolitions, or as a paratrooper. A paratrooper, for example, under the regulations, I believe, if he is gone for 30 days he doesn't draw his paratrooper pay for that month.

Mr. HARDY. If he is what for 30 days?

Mr. BLANDFORD. The paratrooper who has gone away from his outfit for more than 30 days—I am not sure of these regulations, they are different for the different incentive pays—but most all of them, other than the flight pay, attach only while the man is assigned to and serving on that particular type of duty.

Mr. RIVERS. That is right.

Mr. BATES. How is that language going to read now?

Mr. BLANDFORD. It will read—I will need title 37 to read the whole thing.

Mr. RIVERS. You have it right here, haven't you?

Mr. BLANDFORD. The law starts off.

INCENTIVE PAY HAZARDOUS DUTY

(a) Subject to regulations prescribed by the President, a member of a uniformed service who is entitled to basic pay is also entitled to incentive pay, in the amount set forth in subsection (b) or (c) of this section, for the performance of hazardous duty required by orders. For the purposes of this subsection, "hazardous duty" means duty—

(1) As a crewmember, as determined by the Secretary concerned, involving frequent and regular participation in aerial flight;

(2) On board a submarine, including, in the case of nuclear-powered submarines, periods of training and rehabilitation after assignment thereto as determined by the Secretary concerned, and including submarines under construction from the time builders' trials begin;

- (3) As an operator or crewmember of an operational, self-propelled submersible, including undersea exploration and research vehicles;
- (4) Involving frequent and regular participation in aerial flight, not as a crewmember under clause (1) of this subsection;
- (5) Involving frequent and regular participation in glider flights;
- (6) Involving parachute jumping as an essential part of military duty;
- (7) Involving intimate contact with persons afflicted with leprosy;
- (8) Involving the demolition of explosives as a primary duty, including training for that duty;
- (9) As a low-pressure chamber inside observer—

is the one we would amend to read—as a low or —

Mr. BATES. Just as inside a high- or low-pressure chamber. That is the only language?

Mr. BLANDFORD. Yes, but you see you have got to go back to the previous page—"for the purposes of this section, hazardous duty means duty inside a high- or low-pressure chamber." So if his duty requires him to be in that low- or high-pressure chamber, then he will qualify.

General Accounting Office would require a set of orders directing him to perform that duty.

Mr. BATES. There was some reason why they used the word "observer."

Mr. BLANDFORD. I think in the original justification the point was they were putting people through these tests. The idea of the observer was to have somebody with them there all the time. You don't pay the man taking the test.

If I go to Andrews and they put me through the pressure-chamber test, even if I am on active duty I won't draw the pay. The chap whose duty it is to be there day in and day out, while other people are taking the test, the word "observer" means he will pull me out if he decided I was decelerating too rapidly or something. Now, we have to prepare these people not only for the high pressure but the low pressure type of duty.

Mr. PAUL. It is not only observers, either. It is the people who are actually the subjects of this test.

Mr. BATES. That is what I wanted to find out.

Mr. PAUL. It is not just the fellow, as Mr. Blandford said, who simply goes through to get his flight ticket, but the fellow assigned to that duty to test out a certain new type of chamber, or to withstand conditions that might be encountered in flight. He has to appear in that chamber a frequent number of times. He is assigned to duty in that particular field.

Mr. BATES. He is a high- or low-pressure person. That is one set of circumstances. And the other is he must be assigned.

Mr. PAUL. Assigned too, yes, sir.

Mr. HARDY. He will be assigned to that for the purpose of taking the test. Under this he would be entitled to incentive pay.

Mr. BLANDFORD. Not unless it is his duty.

Mr. BENNETT. Why does he take the test?

Mr. BLANDFORD. I am saying it would be his duty to take one test, but not as a part of his continuing duty.

Mr. BENNETT. It doesn't say anything about continuing duty in the statute, as far as I can see.

Mr. BATES. That is the reason I brought the question up, to try to determine exactly how you are going to work.

Mr. BLANDFORD. I think this colloquy right here will be enough for GAO to put in pretty stringent restrictions.

As a matter of fact, what we are talking about here is \$145,000 a year.

Mr. HARDY. Well, that may be \$145,000 a year, but you have got also questions of eligibility, if that arises. I don't know if we intended to eliminate any incentive pay to the fellow going down there just to be tested, to take the test, himself. If we did, I don't believe that we have got it in this language. Maybe we have in the colloquy, but I think we ought to be sure what we are talking about.

We also have another section here that comes right on behind it, and that is this question of double incentive pay.

Mr. RIVERS. That is right.

Mr. HARDY. If an individual is assigned to duty inside a low-pressure chamber for a couple days a month, and he is assigned to duty in connection with handling demolitions for a couple days, or something, is that going to constitute a basis for double incentive pay?

Mr. BLANDFORD. Mr. Hardy, let me suggest since General Bowman is working on regulations, if they are completed—are they complete by any chance, General?

General BOWMAN. I didn't hear the question.

Mr. BLANDFORD. Have you completed the regulations applicable to low- and high-pressure duty?

General BOWMAN. No. We are working on that.

Mr. BLANDFORD. I would suggest, Mr. Chairman, we attempt to put in the hearings at this point the proposed regulations that will control the payment of this pay.

Mr. HARDY. I can see an awful lot of opportunity for abuses of this thing through regulations unless we do have an understanding of what is involved.

Mr. BLANDFORD. We can certainly put it in the report so there won't be any question.

Mr. RIVERS. I think we ought to know exactly what they are.

Mr. BLANDFORD. We can put it in the report before they complete the regulations. There will be no problem.

Mr. PAUL. We can set the basic conditions for it.

Mr. BLANDFORD. I think we understand basically what we are talking about.

Mr. HARDY. If the duty of the individual involves two or more of these responsibilities that would entitle him to incentive pay, and they are concurrent, and have any considerable duration, why, certainly, he ought to be entitled to two incentive pays. That is the thing we were talking about a minute ago.

If, however, there is a limited period in the same calendar period of time, in which he is involved in one and then in another, I have a little trouble understanding how in the world he could be entitled to two pays.

Mr. BLANDFORD. I think, Mr. Chairman, Mr. Hardy's point is well taken. I think we ought to be pretty clear here so there isn't any possible abuse, because if there is they will lose the whole thing. Actually, there is \$1,941,000 contemplated in fiscal 1964, for the double incentive payments. That isn't very many people. This is the next subject.

It goes right into what Mr. Hardy is talking about. Now, for example, it would be a little bit silly to pay a man flight pay and then have him come in once a month to go through a low-pressure chamber and have him draw two incentive pays.

Mr. HARDY. That is exactly what I am talking about.

Mr. BLANDFORD. We ought to know before we approve this exactly what they have in mind. That goes to the double incentive. We already discussed it. The example is the paratrooper who is also a demolition expert. I think they jump separately, but notwithstanding, I wouldn't want to involve myself in either one.

That brings us to sea and foreign duty pay, and the question——

Mr. RIVERS. What page?

Mr. BLANDFORD. Page 11 of your statement, section 9, page 17, of the bill.

Now, this is a \$133 million item. The chairman this morning expressed himself clearly without any reservation as being opposed to the section which would repeal sea and foreign duty pay.

Mr. RIVERS. I believe I can be backed up pretty strongly by Admiral Smedberg.

Mr. HARDY. As a matter of fact, I showed the Secretary yesterday a letter, that convinced him we ought not to eliminate sea and foreign duty.

Mr. PAUL. That was a very impressive letter, Mr. Hardy.

Mr. BLANDFORD. In that case, let us go to the next subject, Mr. Chairman.

Mr. BATES. You ought to take at least 5 minutes for \$133 million.

Mr. BLANDFORD. Mr. Bates, to be perfectly honest, I have yet to meet the first individual who recommends the enactment of this section.

Mr. BATES. Well, behold the——

Mr. PAUL. Well——

Mr. BLANDFORD. With present company excepted, of course, I have to except the Secretary, who is giving the Secretary of Defense's position in this matter. But this is a serious problem. It is a serious problem because you are in effect saying to many people now serving at sea that after this long-vaunted pay increase you are about to get we are going to give you the grand total of a \$2.50 a month increase. The letters we are getting indicate that this and the effective date are the sorest points in this pay bill, without any doubt.

I am sure if the author of the Reader's Digest article, the Drake article, had gone from the District of Columbia directly to a naval base, where a ship had just put in and told the crew they were going to take away sea pay, there would have been a couple of paragraphs added to that article about elimination of sea pay. This is an important part of an enlisted man's income when he goes to sea. It is an important part of an enlisted man's income when he is overseas. It has been traditional since 1942 to pay people extra pay when they are overseas, or when they are at sea. It may not purchase the sort of thing that the Department of Defense would like to see purchased insofar as quality control is concerned. But you can't run the armed services with just technicians. Somebody has got to do some fighting now and then. These are the people that are involved here. This is the common, ordinary seaman variety type of man. He may not know exactly what happens when he pushes a button, but he knows when to push the

button. This is the man who keeps the Navy and Coast Guard going, who mans the outfits overseas, this is the man who is serving in South Vietnam, this is the man serving in Berlin, this is the man serving in Okinawa. If you start taking this kind of money away from him, then all the morale effect you are trying to create is going right out the window, because it is perfectly obvious the \$133 million taken away here is only to be replaced by a \$30 million item, a great portion of which could go to officers.

Mr. PAUL. May I speak to this, Mr. Chairman?

Mr. RIVERS. Yes.

Mr. PAUL. It is true that the unusual hardship pay that we are proposing would apply to a considerably lesser number that presently are entitled to sea and foreign duty pay. It may well be that the restriction we placed on the number that would be eligible for that pay cuts it down a little too fine, considering the needs of the services. But I would like to say we have felt and do feel that sea pay and foreign duty pay, and I would say particularly foreign duty pay, permits certain people to draw a special pay for reasons we are not aware of any justification for. This pay was, as I understand it, originally set up as a morale pay, something to give men a little bit more who were operating under special conditions. There are certain areas of the world, Mr. Chairman, as you pointed out in your own statement, that can hardly be described as placing any undue hardship on the individual concerned. In fact, these assignments are very much sought after.

So I do think that whatever the desires of the committee are, we ought to be permitted to review this whole subject of whether or not across-the-board blanket application of this type of a pay is really in our best interest. Are we buying anything by it? And, by the same token, if we take it away from certain of these individuals, are we losing anything?

I believe that probably something between the position we have taken and the complete restoration of all these pays makes more sense.

Mr. Chairman, just one other thing I would like to say on this. I do think we ought to give some recognition to the difference in the type of oversea or sea duty certain individuals have to perform.

Now, again, as you pointed out in your statement, duty down in McMurdo Sound is not all the same as duty in certain areas of the Caribbean. There are certain places where the hardships are considerably greater than others. I have seen some of them, I am sure you gentlemen have, too.

I would urge we don't throw out the window the concept of the differential between degrees of hardship, because there are degrees of hardship. My only plea to this committee would be, let us take a good, long look at this one before we completely restore one and completely do away with the other.

Mr. BATES. Mr. Secretary, did you ever give any thought to the averaging out of the different set of circumstances that people meet during a career? In other words, if we are trying to equate everything simultaneously, we just can't accomplish that. But over a period of a career, some duty you get is good, other duty is not so good, some is a little bit in between. But it averages out, generally. The

old chief petty officers used to say it all adds up on 30, something like that.

I think we run into quite a problem here trying to equate every duty, as there are all kinds involved.

Mr. BLANDFORD. Mr. Chairman, I think the Secretary's point coincides pretty much with your own statement to that effect, that there are certainly areas of sea pay, very limited areas of sea pay, for example, duty on a harbor craft, we will say a man who goes home every night for dinner, and who may be piloting the tug around in the harbor at Norfolk, you can hardly say he is entitled to sea pay to the same extent a man who goes aboard a carrier or destroyers and maybe puts into his home base maybe twice in 14 months, or something of that nature. There is a considerable difference.

I think the chairman pointed that out in his statement that there are areas of sea pay and oversea pay where probably it is not justified.

Mr. RIVERS. You gave an analysis of a tug in a harbor. I don't know anything rougher than a service on a seagoing tug.

Mr. BLANDFORD. If they are at sea, yes.

Mr. RIVERS. If they have to be called out to go offshore in a storm or something, they don't have it easy all the time. It is hard as Mr. Bates says, it is difficult to average it out.

Mr. PAUL. Yes, sir; that is a very pertinent remark.

Mr. GAVIN. Who reaches the decision now as to what the status is?

Mr. BLANDFORD. Sea and oversea pay is not subject to regulation.

Mr. BATES. The ship must be a commissioned ship, isn't that still the criterion?

Mr. BLANDFORD. Admiral Smedberg can answer that.

Admiral SMEDBERG. We do not give sea pay to yard and district craft today. A fleet tug, however, Mr. Chairman, as you say, which does go out long distances, and tow in ships, does get sea pay, but the yard and district craft do not.

Mr. BATES. Even though they are commissioned?

Admiral SMEDBERG. No, sir; they do not. Yard and district craft are not commissioned craft.

Mr. BATES. My point is, years ago when this was put into effect, the criterion was whether or not a ship was commissioned, is that still in effect?

Admiral SMEDBERG. I would say people in any commissioned ship would draw sea pay, sir, I can't think of an exception.

Mr. BATES. I know in 1942 they specifically mentioned a commissioned ship.

Mr. BLANDFORD. Mr. Chairman, may we go on into page 18, section 10, dealing with responsibility pay?

Now, just to quickly summarize this law, this law was put in as a Senate amendment and is applicable, if it is ever implemented—

Mr. RIVERS. What page are you on, Russ?

Mr. BLANDFORD. Page 18.

This section would repeal the authority for responsibility pay.

This has never been implemented. Under the law the Secretary may designate positions of unusual responsibility which are of a critical nature to an armed force under his jurisdiction, and may pay special pay in addition to other pay prescribed by law.

If they are so designated, they would receive monthly pay rates of \$150 for the O-6, \$100 for the O-5, \$50 for the O-4, and \$50 for the O-3, and parenthetically, that is probably the way we should have written proficiency pay, and we wouldn't have these reduced payments going on today.

The Secretary concerned shall subscribe the criteria as to who is eligible for this special pay, and not more than 5 percent of the number of officers on active duty in an armed force in pay grade O-3, or not more than 10 percent of the O-4's, O-5's, and O-6's may be paid special pay. This has never been implemented by the Department. The Department now wants to repeal it. Stated, I think, more simply, the Navy and Air Force would implement it if the Secretary of Defense approved their request, and the Army and Marine Corps would prefer not to implement it. It is as simple as that. The position of each of the Deputy Chiefs of Staff on responsibility pay will undoubtedly be stated if they are asked to do so.

I think this basically is something that the Senate put in, but on the other hand we concurred in it when it became law, and perhaps you might want to direct your questions at the various Deputy Chiefs of Staff when they testify.

Mr. RIVERS. Of course we are equally responsible, we accepted it in conference, but it is not our baby.

Mr. BLANDFORD. Mr. Chairman, that takes us to hardship pay, which of course in your statement you indicate that if we do not repeal sea and foreign duty pay we would probably not be able to justify having both.

The Department, of course, proposes unusual hardship provision in lieu of sea and foreign duty pay, the dollars indicating obviously the number of people who would get this would be considerably less than those who are now getting sea and foreign duty pay. It may be that the subcommittee may wish to have both, with the understanding that an individual could not draw both.

Mr. HARDY. Since we are going to pass over the other one for further study, I think the things are so related—

Mr. BLANDFORD. That is the point, we ought to go on to the next one.

Mr. RIVERS. Yes.

Mr. BLANDFORD. That takes us to page 19, section 12, career incentive payment.

Now this proposal submitted—

Mr. GAVIN. Will you tell us what page you are on, please?

Mr. BLANDFORD. I am on the bottom of page 14.

Mr. GAVIN. Where is it in the bill.

Mr. BLANDFORD. Page 19, section 12.

This is the proposal that would eliminate or phase out and eventually eliminate the present reenlistment bonus system.

You have heard Mr. Paul's statement, and this is one of the quality control concepts that the pay panel recommended to the Secretary of Defense.

Under this proposal an individual would receive one payment only, other than the individual requalifying--would receive one payment only of up to \$2,400 if he was in a highly critical skill, or \$500 in a less critical skill, and I presume that anyone being reenlisted would draw \$500.

Mr. PAUL. Yes.

Mr. BLANDFORD. There are arguments on both sides of this question, there is no doubt about that. The theory is that 88 percent of our people today, reenlist if they have once reenlisted. Thus there is some question as to whether there is any necessity to pay a man a reenlistment bonus at, say, in his 8th or 10th or 12th year.

The rest of the idea is that this would give the Secretary a tool to use when he needed certain skills. For example, if they were short of electronics experts, you could attach a \$2,400 price tag to a man who would reenlist one time, in that critical skill, and he could get up to \$2,400 so long as his combined service, prior service, and reenlistment, were 6 years or more, if I remember correctly.

Is that right?

Colonel BENADE. The draft bill does not so specify. Actually it was intended in the administrative regulations which would implement this that the period involved would be 10 years, to reach the maximum of \$2,400.

Mr. BLANDFORD. The Department's point on this current incentive payment is that this would be a method of paying people for a skill that is needed at the time.

Now, it might be that a year after that they have all the electronics specialists they want. I was amazed to find the other day, when I made a trip for the subcommittee, that we are in very short supply in the Air Force of mechanics on propeller-driven aircraft. The mechanics in that area are in short supply, because most people have been concentrating on jet aircraft. And they have a reenlistment problem, and they also have a shortage in this particular skill.

Now, certainly, I know Mr. Paul will have other arguments in support of this.

On the other hand, there are other arguments against this, one of them as the chairman has pointed out is that the Department has never utilized the law we gave them in the first place.

We set up a proficiency pay system in 1958, and this subcommittee worked long and hard to come up with proficiency pay system. We bragged to the world it would be possible for an enlisted man to make \$10,000 a year under this pay proposal.

The law was written so a man could get up to \$150 a month proficiency pay if he had a real critical skill.

Mr. RIVERS. I remember that vividly.

Mr. BLANDFORD. We used a figure of more than \$10,000 for the E-9, drawing \$150 a month, and the pay of the E-9, and everything else that went with it.

Now, the Department has only implemented proficiency pay to the tune of \$30 a month, or a buck a day for the P-1, \$60 a month for the P-2, and we have never implemented the P-3, but now they want authority to buy critical skills by giving them a lump sum payment of up to \$2,400. We don't know what we are going to do to our present reenlistment rate which is presently high, it might start to go down if we take out the present reenlistment bonus system. There is another factor here and that is that human nature being what it is, once you have handed an individual \$2,400 in one lump sum, which seems like a lot of money at the time, after he has bought that second-hand Ford, or whatever he buys with it, that same inducement no

longer exists. There isn't any inducement thereafter to stay in the service, it is a one-lump-sum payment. Parenthetically, I might add all of it is taxable in one year for income tax purposes. Anybody who figures this out today, is going to figure that as a factor to be taken into consideration. The man won't get \$2,400. You just tell him he is going to get \$2,400. Then the Government will take at least 20 percent of it back, because it is subject to taxes. So there are many arguments on both sides of this point, but probably the best argument against the section is the fact that the Department hasn't even implemented the law we have already given them.

Mr. PAUL. Well, the idea of the career incentive payment, and as a matter of fact the idea of the current reenlistment bonus, is that it is an incentive pay. I think this was reflected in the action of the Congress in 1949 when this whole system was changed to provide more money after the first obligated tour. Therefore, Mr. Chairman, what we are proposing here is not an entirely new system. It is a proposed change in the current system.

As of now, 57 percent of the money that is in the reenlistment bonus system goes to reenlistments beyond the first one. I think we have reliable figures that indicate the retention rates beyond that first reenlistment are pretty good.

Mr. HARDY. Why don't we cut it off right there, then, and save some money, instead of going into this other deal that you stated in here.

Mr. BLANCHARD. The answer, Mr. Hardy, is the possibility that the 57 percent reenlistments now taking place, may be due in part to this reenlistment bonus. We don't know how much effect this present reenlistment bonus system has on the present high reenlistment rate. If we change it we may find to our sorrow that this had a very important part in the high reenlistment rate. But this is the problem we face. We don't know the answer to that.

Mr. BENNETT. May I ask a question again?

Mr. PAUL. Yes, sir.

Mr. BENNETT. Couldn't you use the legislation we have to accomplish about what you want to do in this? Is there anything that says under that proficiency pay it has to stay with the man forever; can't it come or go as the man is needed or not needed?

Mr. PAUL. Yes, sir; it can, and should.

Mr. BENNETT. Why don't you make that work?

Mr. PAUL. Well, we feel that both proficiency pay and career incentive payment are needed to get at the problem of the retention of critical skills. They are different things. The advantage of the career incentive payment is that it has its maximum impact at the time a man is about to make that big decision. It is flatly stated to be a bonus.

On the other hand, the proficiency pay provides a continuing incentive to the man in the service to acquire a specialty, to acquire a skill that is needed by that service, and then to maintain that skill.

Mr. HARDY. You already have a certain reenlistment bonus now. You also have a proficiency pay system.

And I think you would be in lot better shape if you would come in here having tried to utilize what you have got, but you haven't done it.

It may be that you've got a good point in suggesting that they be cut off at 10 years, I don't know, maybe the reenlistments would go down after that if you did, but if your reasoning is correct, then it would seem to me the sensible thing to do would be to continue on the present reenlistment bonus schedule, cut it off at 10 years, and see what happens to it.

Mr. BENNETT. I am looking to the other side of this coin. What I think you ought to do is take the proficiency pay bill you have now and get it as close to this sort of thing you are asking for as you can get it. It looks to me like it could be identical, and the same motives could be stimulated in either case, it seems to me.

Mr. PAUL. It is directed to the same problem.

Mr. BENNETT. You already told me, maybe I didn't get my question across to you, but I thought I got the answer from you that if a man was very proficiency in something you no longer needed, like threading needles, making a sail or something, you could get rid of the proficiency pay paid to him, because he is no longer needed. If that be the case, it looks to me like you could use this proficiency pay to get the quality of man you needed.

Mr. PAUL. That is right, there is no difference in that sense. It is related to critical skills, and the degree of criticality can change.

Mr. BENNETT. They can utilize the proficiency pay more nearly to what you wish.

Mr. GUBSER. Mr. Chairman, is the theory behind dropping the reenlistment bonus after the first reenlistment that the man has enough years of his life invested already and it can be presumed he would be more than likely to continue at his career?

Mr. PAUL. That is a big part of it, Mr. Gubser.

Mr. GUBSER. Now, you are talking here about the seventh year in most cases, aren't you? Three-year enlistment and four-year reenlistment?

Mr. PAUL. That would be the average, yes, sir.

Mr. GUBSER. Do you have the figures about the difference in the reenlistment rate of a man in the 7th year of his career, or entering the 8th year of his career, and one entering the 12th year of his career?

Mr. PAUL. I don't have those.

Mr. GUBSER. I would suspect it would be very significant, because a man can turn his back on 7 years rather much more easily than he could turn his back on 11 years, it seems like.

Mr. GORHAM. We have done extensive surveys on career intentions and have looked at the actual rates of reenlistment by year of service.

In general the rates go up, as you said, from the 7th to 12th year.

At about the 10-year point rates approach 90 percent, in some cases go above 90 percent. At the 7-year point the rate is approximately 70 percent or 80 percent.

Mr. GUBSER. You would say that there is a marked difference between the first and the second reenlistment?

Mr. GORHAM. That is the sharpest difference.

Mr. GUBSER. Still a considerable difference between the second and third, but from then on it is the same?

Mr. GORHAM. I would say between the second and third reenlistment there is a marked difference.

Mr. GUBSER. Didn't you say about 20 percent a little while ago?

Mr. GORHAM. In the neighborhood of 10 to 20 percent. I would have to check the figure.

At this point in a man's career he has much invested toward a 20-year retirement. At 10 years if he leaves the military department he gets nothing out of the retirement system.

Mr. GAVIN. That particular individual you were trying to select knew that after he served maybe two terms, two reenlistments, and got a bonus for it, he was going to get cut off. He may say, "Well, what is the use of getting in now? After 10 years they are going to stop the bonus. Why do with the Navy or any other branch?" They will find out quick enough what you are going to do, and it will determine their future and their decision.

What would you do? Would you take a job if you knew you were going to get no bonuses, and then after the two bonuses they were going to take it away from you?

Mr. PAUL. Under our proposal, Mr. Gavin, anyone who is presently beyond the first reenlistment would continue to get his reenlistment bonus until he has reached the maximum of \$2,000 he is now entitled to.

Mr. GAVIN. You are talking about 10 years, now?

Mr. BLANDFORD. It is prospective in application, Mr. Gavin, because there is a savings provision to retain the present law for those who have already reenlisted once.

But the point that you make is a point that Mr. Rivers made, and that is, we are dealing here with an unknown quantity. We just don't know whether the present favorable reenlistment rate of those who have already reenlisted one or more times would be seriously affected by this phase-out of this present reenlistment bonus concept.

Mr. GAVIN. He would be, I presume, if he couldn't do better on the outside, but if he could do better on the outside he certainly is not going to stay in the Navy. He is going where he gets more money.

Mr. GUBSER. Mr. Chairman, if I may continue.

I presume the Department has come to the conclusion that the reenlistment rate would not be adversely affected if cut off after the first reenlistment. If you come to that conclusion, maybe you must have had some hard, concrete scientific evidence to back up your conclusion. What was it?

Mr. PAUL. As I say, we can get more detailed figures and submit them for the record, but the retention rates after the first reenlistment are really very good.

The amount of a reenlistment bonus that a man gets on his first reenlistment and later ones gets progressively smaller under the present system. I don't believe that to give a man a few hundred dollars for that later reenlistment, when he already has the investment of a number of years in the service, is going to swing him one way or the other. And the retention figures appear to back us up.

Mr. GAVIN. You are talking about \$2,400—that isn't a few dollars. It wouldn't go down to a few hundred dollars on the second or third one, would it?

Mr. BLANDFORD. It is a one-shot proposition under the proposal submitted by the Department, unless they requalify under a critical skill.

But, again, Mr. Chairman, we are dealing here with the same problem that confronts industry, and everybody else, but the armed serv-

ices are in a little different situation. We seem to always concentrate on the critical skill man, and yet the armed services must depend on the man who is doing the fighting, basically. I think we have got to be careful that we don't get carried away with this idea that a man who simply is a good barman doesn't have a critical skill. We have lots of these people. We may not have as many people who understand black boxes, but that black box is only going to be as good as the man out in front with the rifles. And yet you are going to give that man as little as \$500 and the man with the critical skill \$2,400. This is what worries me.

Now, we have got a built-in system to take care of the critical skill man, with the P-1, P-2, and P-3 proficiency system; I still contend the chairman is absolutely right. Let us implement the law we have got first before we apply the evils we know not whereof.

Mr. RIVERS. I think it might be well to ask the Secretary what is wrong with P-3, that you don't want to implement?

Mr. PAUL. Well, Mr. Chairman, we started off very slowly on the old proficiency pay system. As of now, 245,000 enlisted men are receiving "pro" pay of one kind or another. I was not a participant in the initial decision not to go ahead with the P-3 payment, but I believe one of the essential reasons why the service request for pilot programs was turned down was that it was felt that the whole proficiency pay system needed a thorough going over, and that we ought to explore different directions.

I would agree with this committee that we have not administered this program to the degree intended. I think one of the problems has been that the system itself, has been a mixture of an award proficiency for critical skills and for outstanding performance. As you know, the legislation has both elements in it.

The services have administered this program quite differently. I think we have got to find a means, and, in fact, the Secretary has instructed me to come up by the middle of March with some proposals, that will make more sense out of this system.

When we are able to do that, Mr. Chairman, and I think we will be able to do it, we will be able to give the system a better test. Whether or not \$100-plus in a P-3 payment would fit in properly into that system, I can't say right now, Mr. Chairman.

Mr. HARDY. Could we get back a little bit to the origin of this proficiency-pay thing? All the services were enthusiastic about this thing, as I recall it, when we considered it in the committee. My recollection, we could be wrong, but I think it is correct, was that all of the services were highly desirous of this particular program. That was going to enable them to keep these key people. Then, after you get it, you decide you don't want to use it. It is not the kind of thing that ought to be rehashed.

Then, I would go right back to the questioning. If my memory is correct, the testimony that was given to us by the military people that testified misled us. That was their own thinking, reflecting the attitude of the folks at home.

Mr. HARDY. Maybe it isn't the military, maybe it is the OSD that is responsible.

Mr. GAVIN. The colonel was here in 1958, weren't you? You were familiar with what we were going to do, and how the plan was per-

fectured with such accuracy we were going to really save money. Do you remember that?

I remember the Joint Chiefs of Staff, they—the brilliant statements they made. Can you tell us why this law that we passed at that time was not implemented and carried out?

Colonel BENADE. Mr. Gavin, I don't think I have anything to add to what Mr. Paul has said. The record speaks for itself. It has been a great deal short of the authority that this committee wrote into law.

Mr. GAVIN. Talk a little louder, will you, please?

Colonel BENADE. The program to date admittedly is a great deal less than the authority which was granted by this committee in the 1958 pay bill. The figures don't as yet show we have experienced any substantial increase in retention as a result of proficiency pay, but that is probably because the level of proficiency pay has not been enough.

Mr. GAVIN. How much did Mr. Cordiner think we were going to save?

Mr. BLANDFORD. \$5 billion.

Mr. GAVIN. I remembered the figure, I wondered if you fellows did.

Mr. PAUL. Mr. Chairman, if I left the impression with Mr. Hardy, that I said that the services were against this proposal, or weren't 100 percent for it, I didn't mean to. They have always been for it.

Mr. HARDY. Let us get this thing straight.

Mr. RIVERS. One at a time.

Mr. HARDY. I would like to find out exactly what the picture is. I take it from what you just said, Mr. Paul, that the services do want to use it, and OSD has not, notwithstanding the fact Congress put it into law. They say we have a little better bill for you here.

Is that the purpose of it?

Mr. PAUL. Mr. Hardy, the services would have wanted to implement it to a much larger degree than they have been permitted to do, that is quite right. What you are saying is right. The number of people in the program now has increased to 251,000 people. We are hoping to revise the rates of proficiency pay. We are working on that very actively right now. The services are 100 percent in favor of it.

Mr. HARDY. Well, this bothers me. This kind of retention bonus for reenlistment—to me is not the kind of thing that is likely to produce what you seem to want, and I really would feel a whole lot better about trying to consider a change in the statutory provision if there had been a pretty good test of what is in the law now. There hasn't been. And if your basic assumption is correct, that you don't need to pay reenlistment bonuses beyond 10 years, I would be perfectly willing to modify the law and save a little money on reenlistment bonuses, and let you accomplish the objective in another way.

But I don't see the justification for increasing the reenlistment bonus the way you have set it up here. I think the point Mr. Blandford made is correct, particularly, at this first reenlistment point, with the younger people you are trying to retain. If you give them a big hunk of cash, there is going to be quite a few of them dissipate it pretty fast. Then after that, the morale is going to be worse than it would have been before the payment.

Mr. PAUL. Very few of them would get \$2,400, Mr. Hardy. That would be the absolute maximum. And that would be for a 10 year total enlistment.

Mr. HARDY. I am not sure that you have the ability within the services to pinpoint your selection of your people so that you come up with a satisfactory and result.

Mr. Chairman, that is all I want to say on that, but I do think it might be pertinent to inquire, as Mr. Gavin suggested a minute ago, where the \$5 billion is we saved, if somebody will ever find it we will have enough money to cover this particular bill.

Mr. GAVIN. In fact, we could increase it. This bill is only \$1,200 million. This was \$5 billion we were going to save in 1958. It must be somewhere. Wherever it is it might be used to improve this legislation.

Mr. BLANDFORD. Mr. Gavin, I might mention that Mr. McElroy was Secretary of Defense at the time, and after listening to some of the questions asked by this subcommittee, when he finally testified on the pay bill, he said that he could not say that there was going to be a \$5 billion savings, and he didn't want to say there was going to be a \$5 billion savings. The only thing he was willing to say was that it would improve the efficiency of the armed services. He would never say there was going to be any dollar savings in this.

Mr. Cordiner could still argue, that if we adopted his proposal, as he wrote it, that it might have saved \$5 billion because of retraining savings and things of that nature.

Mr. HARDY. And he could be just as wrong as he was when he wrote it.

Mr. RIVERS. I think he wanted to abolish longevity.

Mr. BLANDFORD. Yes, sir; step-in-grade increases only.

Mr. HUDDLESTON. Mr. Paul, what would be the saving in this particular provision when we repealed the old reenlistment bonus and institute this one-shot proposition recommended by the Department?

Mr. PAUL. There wouldn't be any saving, Mr. Huddleston. Not in the first year, or the first years of it, at least. Because you would continue on, under the old system, those who had already received the first reenlistment bonus.

Mr. HUDDLESTON. What would be the savings by the time 1968 came around? Could you come up here and report to us what we had saved by making this change?

Mr. PAUL. I think we can give you that figure.

Mr. GORHAM. In 1964, we are planning to spend for first-termers \$57 million for reenlistment bonuses under the current reenlistment bonus system. For career people we plan to spend \$94 million for a total reenlistment bonus allocation of \$151 million.

Mr. HUDDLESTON. That is what you would be spending. My question was, what would you be saving?

Mr. GORHAM. I understand. The \$94 million planned for next year would be reduced each subsequent year, as the career personnel in the system begin moving out. Enlisted men, who move into the career force subsequent to the effective date of the pay bill will not receive reenlistment bonuses. Each year after next there would be a reduced amount for the reenlistment bonus.

Mr. HUDDLESTON. Do you have any estimate as to the amount we would actually save?

Mr. GORHAM. If you spend just what we are now spending on first-termers, but reallocated among skills of different degrees of criticality, we would spend something on the order of \$60 million.

Mr. PAUL. Instead of \$151 million. But that would be several years off, and that may be a low figure, because there probably ought to be more money than that in a reenlistment bonus or career incentive payment system.

Mr. HUDDLESTON. Mr. Secretary, do you have records with regard to the various provisions in this bill, the figure that we would save by this legislation, similar to what Mr. Cordiner gave us back in 1958, of the \$5 billion we would save in his recommendations?

Mr. PAUL. I think it is an impossible figure, Mr. Huddleston. I don't think we can give you a figure that would stand up any better than that \$5 billion figure did.

Mr. HUDDLESTON. I appreciate your honesty, Mr. Secretary.

Mr. OSMERS. On this question of reenlistment pay, the history looks so good for the second and third term reenlistments that I for one would not like to monkey with it. I think maybe if we removed this reenlistment bonus in the second and third hitches, we might very well be having the problem in these hitches.

Is there any way of going back into history before the reenlistment bonus concept was started and seeing what the reenlistment percentage was for the first, second, and third terms, and see if there had been any major change since this reenlistment bill was put into effect?

Mr. PAUL. Yes, sir.

Mr. GORHAM. In 1954, the reenlistment bonus system was changed. A larger portion of the bonus was given to the first reenlistment, and a smaller one to the subsequent one. Following the 1954 change there was a continued rise in career reenlistments.

Mr. BLANDFORD. Unfortunately, however, that is not quite--

Mr. GORHAM. You added some money to the bonus at the time.

Mr. BLANDFORD. That is not quite correct. If you took the man's pay grade, and multiplied by the number of years at which he reenlisted in that pay grade, and then took two-thirds of the pay, the next time he came up for reenlistment that might well have exceeded the monthly pay when he reenlisted the first time, because of his higher grade. So the figures wouldn't prove anything.

Mr. OSMERS. What is the problem? Why hasn't it been completely implemented? Has it been budgetary—the Budget Bureau said you can't have the money for it—or where is the problem?

Mr. PAUL. This is a problem of several years' duration, Mr. Osmers. I don't think I can give you all the reasons, because I just don't know what they were.

I do know that the problem we have right now is that in some cases if you applied a proficiency pay of greater than \$30, which is roughly the difference in pay between different grades, you could have an inversion—that is to say, a lower grade person in a given skill might get more than the person who was of a higher grade. This, in turn, raises certain command problems, but I think the main difficulty is that services have administered this proficiency pay quite differently. The Air Force has put almost 100 percent, if not 100 percent, in critical specialties, critical skills.

The Army and the Navy have treated it somewhat differently. They have applied it, in most cases, to the critical skills, because those are the regulations, but they have also applied it as an outstanding achievement award. This is perfectly in accordance with the statute and perhaps in accordance with their needs, but the fact of the matter is that there has been an inconsistency of administration, and what we are now trying to do is find the right way as far as all the services are concerned.

One of the things we are thinking about is having a functional specialty, or purely critical skills aspect, and apply our proficiency pay to just that, and in addition to have outstanding effectiveness awards handled as a separate matter.

I don't think the system as it is now laid out in regulations—and this is our fault, not the Congress, because we are the ones who have to write these regulations—makes a sharp enough distinction between the two elements that are intended to be covered.

Mr. BLANDFORD. I might add, that the law also permits you to advance a man to a higher pay grade, so you wouldn't have a pay inversion.

Mr. PAUL. Right.

Mr. BLANDFORD. We had that in mind when we wrote it. If this man is that critical, or can do a job better than the average can, promote him.

Mr. PAUL. Right.

Mr. BLANDFORD. Give him the pay of that grade. Then you go back to the Appropriations Committee and say the law says we have to do this under regulations, and therefore we have to pay it.

Mr. OSMERS. You say the services like this "pro" pay. It doesn't reflect that in a lot of mail I am getting. There has been criticism of the "pro" pay, that it sets up sort of special checks, and so forth, within the services, and I wondered if you ever made a study within the services of the man who had it and didn't have it, as to its popularity, and so forth. Is there a morale factor in the services today?

Mr. PAUL. Certain aspects of this system are definitely aimed at morale. I will ask Mr. Gorham to back me up on this, because he has been charged with studying this particular pay. I know from my own experience in talking to enlisted men, that a great many of them feel that this annual examination that has to be taken—I am talking now of Army enlisted men—is not fair. They feel that, given the strict percentage limitations on the amount of people that can draw this pay, one fellow who happens to take exams better, gets an advantage over the other. Some people perform better, although they are not too good at taking examinations, and this has created a certain morale problem. I think that there are other aspects of the system that have, too.

Mr. OSMERS. I would hope we have the service secretary, or chief of staff, or somebody come in and talk to us about it.

Mr. BLANDFORD. They are all here, Mr. Osmers.

Mr. OSMERS. Making a complete documentation as to whether it is working in their particular service, or not.

Mr. BLANDFORD. I think one of the reasons it is not working is it has never been implemented properly. You will note the law does not limit the number of people who can draw proficiency pay.

Mr. OSMERS. Somebody is limited, I would like to find out really who.

Mr. BLANDFORD. I think you will find it in the comptroller's office of OSD if you look hard. Basically, that is where the question is; it is simply a question of money.

Mr. STRATTON. Mr. Chairman.

Mr. Secretary, going back to the question raised, I think by Mr. Gubser, earlier, with respect to the bonus question. You mentioned on page 16 of your statement that you made a little study as to what would be needed to keep the junior officers in, and you determined that an increase of \$100 to \$200 a month would make a substantial difference. You conducted some kind of a survey there. You don't go into it but I don't know whether you had a Gallup poll or what it was.

Now, was there any similar survey with respect to reenlistments, or was this something based on another consideration?

Mr. PAUL. Mr. Stratton, Mr. Gorham was the head of our pay study group. I would like to ask him to answer that question, please.

Mr. GORHAM. We did conduct surveys of both officers and enlisted men. They were unique surveys, in which we asked different groups of men, whether or not their career intentions would change if their pay went up by a certain amount of money. For example, if the members of the committee were the enlisted force, we would have asked the three members to my left, whether \$50 would have made the difference between them staying in or leaving the service.

The next three members we would have asked whether \$75 would make the difference.

The next, \$100.

We then drew up a series of—

Mr. STRATTON. I am asking you whether you did the same kind of thing with regard to the reenlistment bonus?

Mr. GORHAM. No, we did what I described only in terms of monthly pay. We did conduct another series of surveys which indicated to us how men regarded immediate dollars, that is, bonus money, as compared with increments to his monthly pay. We found that men, in general, preferred immediate dollars, that is, discounted future dollars at a very high rate.

Let me use an example.

Mr. STRATTON. A bird in the hand is worth two in the bush?

Mr. GORHAM. That is right. That is why we regard a reenlistment bonus essentially very efficient. That is not to say you can't pay a man money—

Mr. STRATTON. My question was whether the issue was raised whether you made any attempt to survey the question whether a reenlistment bonus at the first reenlistment was more effective than at the second or third. But you didn't make any such study?

Mr. GORHAM. Yes, let me answer your question now, I have been beating around the bush, apparently.

We found that the reenlistment bonus influences the first reenlistment more than it does the second and subsequent reenlistments. It doesn't appear as a major factor for those in their second and third reenlistments.

Mr. STRATTON. Well, now, this would also, I would think, be something that you could justify, and I think to some extent you were doing that also on the basis of your statement that after the first reenlistment then you have an investment in the service in terms of retirement which you can't brush aside, lightly.

Mr. PAUL. No, and you can't cash in on it until you reach retirement eligibility.

Mr. STRATTON. I know many who got called up in the Korean conflict, for example, reserves, wanted to stay on, as they had acquired 2 more years in the service, they said we might as well make a career out of it.

This idea, perhaps in contrast to the other members of the committee, seems to appeal to me, Mr. Secretary. The only thing that I can't understand is why your initial increase isn't a little bit more substantial; if you are really trying to do a job on the first enlistment it doesn't seem to me an increase from \$2,000 to \$2,400 is really very significant, especially if you are going to knock off \$2,000 on two or three successive enlistments?

Mr. PAUL. I think the difference, Mr. Stratton, is that in the case of the \$2,400 he is getting it all at once. The \$2,000 is the maximum now that a man can get throughout his whole career. He doesn't realize anything like \$2,000 on his first reenlistment.

Mr. STRATTON. Oh, I see. In other words, what would be the maximum that he would get on his first enlistment?

Mr. PAUL. He gets one month's basic pay times the number of years of his second enlistment; \$1,200, I think, is about the maximum he could get for that.

Mr. STRATTON. Now, one other question, also with regard to this matter of overseas pay versus hardship pay. If I understand this correctly, you are proposing a kind of hardship pay in place of the overseas pay. Now, does this hardship pay also embrace the hazardous duty pay, and you are going to have these two grades that would deal with both hazardous duty and hardship, or will this be over and above what you get for flight pay and submarine pay, and so on?

Mr. PAUL. This is entirely different from hazardous duty pay. Hazardous duty pay is related to the rigors that the man, himself, has to undertake, the dangers he risks as a result of that duty. For example, flying an airplane, or being in a submarine.

Unusual hardship pay refers to the conditions under which he lives. There are an increasing number of men in our services today who are in some specialties. For example, in the radar technician field, a man, if he is adept at a certain type of radar technique, is likely to end up in hardship posts a good deal of his career.

Mr. STRATTON. Up on the top of Blue Mountain in the Adirondacks?

Mr. PAUL. For that reason we think there should be some gradation in compensation, in consideration of the degree of hardship a person has to undertake during his career.

In other words, I don't think, in certain technician grades, Mr. Bates, that it does necessarily even out at 30.

Mr. BATES. That would be reflected in the rating, rather than the location?

Mr. PAUL. Yes, sir.

Mr. STRATTON. Your proposal is, there would be 25 percent for very hard hardships, and 15 percent for not so hard; is that correct?

Mr. PAUL. Yes, those would be the two categories. You could put it into more categories than that. I believe Mr. Cordiner proposed a series of different categories of hardship, but we think that it would complicate the system to make it more than two.

Mr. STRATTON. What is the oversea pay now, is it 10 percent?

Mr. PAUL. It goes from \$8 to \$22.50 a month, depending on the grade of the individual involved. It is the same everywhere. In other words, wherever he is, as long as he is overseas or at sea.

Mr. STRATTON. Thank you.

Mr. BLANDFORD. Mr. Chairman, may I suggest that we take two items, subsistence allowance and family separation allowance, and just briefly discuss them, and then at 4 o'clock take the Deputy Chiefs of Staff for Personnel, because they have been here all day, and tomorrow we have scheduled outside witnesses, and then perhaps tomorrow afternoon we can go back to Mr. Paul, and if the Deputy Chiefs could be here tomorrow afternoon, we could continue this.

Mr. BENNETT. That will be 5 o'clock every day.

Mr. BLANDFORD. Ten to twelve in the morning.

Mr. BENNETT. It is none of my business, but I do not think this committee ought to run on the basis of adjourning at five.

Mr. BLANDFORD. The only point is to try to get the Deputy Chiefs' testimony.

Mr. BENNETT. I don't mind today, but it should not be permanent.

Mr. RIVERS. I would like, though, to get the Deputy Chiefs of Staffs this afternoon. We will not do it every day. We are not going to try to rush this bill, we will take our time and do it right. If we can't finish it this week, we will finish it later.

If we can't get the Secretary tomorrow, we will get him to come on Thursday.

Mr. PAUL. Any time, Mr. Chairman.

Mr. RIVERS. I do want to get the personnel chiefs before we adjourn this afternoon, then we won't try to do this all the time, late at night. Of course, it would suit me, but I know my schedule is different from anybody else's. I will do what the committee wants to do, that is the main thing.

Mr. BLANDFORD. Mr. Chairman, I would like to discuss briefly with Mr. Paul your suggestion concerning subsistence. As we know, there was a \$29 a month increase in subsistence allowance for officers in this bill, and nothing for enlisted personnel. The third major part of the mail that is coming into the committee, is the resentment on the part of enlisted personnel that the subsistence allowance has been increased for officers, and there is nothing in the bill for enlisted personnel.

I am informed by DOD the cost of food has gone up 6.6 percent since 1952.

Also, I understand that the cost of food away from home, that is, the meals you buy in restaurants, has gone up 26 percent since 1952. Presumably the subsistence for an officer is to cover his expenses when he eating in a commissioned officers' mess or eating at a mess aboard a naval vessel. There is an interesting surcharge levied against an officer when he eats in an enlisted mess.

Basically, however, the officers subsistence allowance, which has undergone several changes over the years. It used to be that officers in certain grades received three subsistence allowances, up to as high as \$66 a month for certain grades, but when he got to be a colonel, it dropped. There isn't any rhyme or reason in subsistence allowances. The \$47.88, which appears to be such an incongruous figure in the law today, was a result of a 14-percent across-the-board increase in allowances which we agreed to in conference in 1952. I don't think that we can say correctly that it was based upon any set of figures or anything else except that 4 percent was allotted to the basic pay and 14 percent to subsistence and quarters allowance.

But if we can assume, however, that \$47.88 is a reasonable figure, then the officer is really only entitled to an increase in the cost of food because presumably that is what he is paying for when he eats in a commissioned officers' mess or eats at a mess aboard a ship.

Now, unfortunately, the enlisted man basically is subject to two types of rations. There are only 841 that get the third type so that is really meaningless. The enlisted man has traditionally been furnished food in a messhall, but he also is allowed to subsist out, that is, subsist on his own, on what is known as a commuted ration. This means he is allowed to mess separately, and we have only allowed him the actual cost of the food to the Government.

Now the actual cost of the food to the Government varies from year to year, and the last adjustment was made downward, I think, from \$1.05 to \$1.03.

This means that when an enlisted man is allowed a commuted ration he draws \$1.03 a day provided he does not eat any meals in the messhall. This, then, is what his wife uses as a cost figure for buying her food. However, if we translated the actual cost of feeding that man, I am of the opinion that it would be considerably in excess of \$1.03 a day.

Now, for purposes of comparison, what we have done in the proposal before us here, as far as the chairman is concerned, is to take the \$120 million, which was the amount that we set aside in this proposed pay increase for increasing subsistence allowances for officers, and divide that money up much more equitably than the Department proposal, insofar as enlisted men and officers are concerned.

We increased the commuted ration and suggest it become a statutory ration of \$1.25 a day. We increased the \$2.57 that the man now gets if messing facilities are not available by 68 cents a day, which is 26 percent, because that is the increase in the cost of eating away from home.

The subsistence allowance that was suggested in the Department proposal is a significant part of the junior officers' pay increase without which the increase would not approach the \$100 figure Mr. Gorham was talking about, and the amount which, the junior officers said would be the amount of money that would make them think twice about making a career of the armed services. If we take away the entire \$29, from the second lieutenant or the first lieutenant, and only give him the basic pay increase, then we fall short of the \$100 increase per month in increased pay that the junior officer said would be important in his consideration when it came to a question of making a career of the service.

So the chairman has suggested, because the figures come out to \$129 million as opposed to \$120 million for subsistence, that we increase the officers' subsistence from \$47.88 to \$51.00, that we establish a statutory computed ration of \$1.25, that we increase the \$2.57 for messing facilities, when they are not available, by 68 cents, and that we then give the junior officers, first and second lieutenants and W-1's and W-2's, a \$15 a month across-the-board increase. This would cost \$20,126,000. Then increase all other basic pay scales for officers by \$10, which comes to some \$27 million.

Now, adding all of these figures up, the proposal that the chairman offers as a substitute comes to \$129 million as opposed to the \$120 million that the Department proposal submitted for only increasing the subsistence allowance of officers.

This still will not bring the junior officer up to the point that the Department thought was necessary from a take home pay viewpoint to make it as attractive as the Department proposal.

So the question here is, Should we do something with the enlisted man's subsistence allowance? That is the first question. Would you comment on that, Mr. Secretary?

Mr. RIVERS. Ask him why they were left out.

Mr. PAUL. Well, with respect to the commuted ration change, Mr. Chairman, that is proposed here, of \$1.25 frankly, it is hard for me to say whether I think that is a good idea, or whether that is the right amount. This is an awfully hard figure to compute, and I don't know how you can arrive at a good figure.

The figure of \$1.03 a day is based on the cost of the ration, and, as I understood it, that has been the statutory requirement.

So I am at a loss, Mr. Chairman, to comment specifically on the commuted ration change.

Mr. BLANDFORD. I am at an equal loss because all we did was multiply 800,000 by 22 cents, and came out with \$54 million, when we added up all the other figures we came out to \$129 million. The \$129 million that is in the chairman's proposal is awfully close to the \$120 million that you people were going to spend on officers alone.

I think Mr. Gorham would agree that there is an added charge--let's put it this way, if 800,000 enlisted men suddenly descended upon the messhalls of this country, and said take your commuted ration, I don't want it, I will eat every meal in the mess hall, I think it would cost you considerably more than \$1.03 a day to feed them.

Mr. PAUL. Of course a lot more would be eating there at that time. The average might go up or down, I don't know.

Mr. HUDDLESTON. I think Mr. Paul is trying to answer this series of questions with a recommendation in the cold. He is coming back tomorrow afternoon. Why can't we ask him to give us his reaction at that time. It would be a little more meaningful.

Mr. BLANDFORD. We can do the same thing with the rest of the provisions, also, Mr. Chairman.

Mr. HARDY. I think it might be a good idea if we could have a little clearer understanding of the basis for doing some of these things.

Actually, we are working on a completely irrational approach to the proposition, even the thing which Mr. Blandford has suggested, we are taking \$15, simply multiplying it with an arithmetical figure. That isn't very logical. You took a \$77 figure there for your officers, not based on anything that is rational at all. It obviously was a device to try to increase somebody's take home pay without any logical basis for it at all. It is not related to the cost.

Mr. RIVERS. Let me explain this to the committee.

Mr. HARDY. I am talking about what Mr. Paul says.

Mr. RIVERS. That is exactly the reaction Mr. Blandford and I got. We tried, after we had gotten all this legerdemain, or whatever we want to call it, we tried to figure out a way to say within that \$120 million. The nearest we could get to it was \$129 million. Am I right, Mr. Blandford?

Mr. BLANDFORD. Yes, sir.

Mr. RIVERS. Then we found out the junior officers were short changed.

We are just trying to find out a way to stay close to the \$120 million.

Mr. HARDY. Mr. Chairman, I think we ought to back up and do this whole thing over. I think the approach that the Secretary has made in these subsistence allowances are just as cockeyed as it can be. I don't think we ought to undertake to use that as a device to give a lower officer grade an increase in base pay to which they are reasonably entitled.

Mr. RIVERS. You remember I said in my statement the committee will have to work it out.

Mr. HARDY. I certainly agree; I am going to go to work on that \$77 thing.

Mr. RIVERS. Let's see if we can work out something a little better on this.

Obviously, they don't want to take my suggestion, and I don't think we like theirs.

Mr. Secretary, thank you. We will excuse you.

Do you think he will be back tomorrow afternoon?

Mr. BLANDFORD. I think he will be here tomorrow morning also.

Mr. PAUL. Yes, sir.

Mr. RIVERS. You are prepared to stay with us?

Mr. PAUL. Yes, at any time.

Mr. RIVERS. General Vittrup, we will ask you to come up and say what you have to say on this.

**STATEMENT OF LT. GEN. RUSSELL L. VITTRUP, DEPUTY CHIEF
OF STAFF FOR PERSONNEL, U.S. ARMY**

General VITTRUP. Mr. Chairman and members of the committee: I am happy to have the opportunity to appear before you in support of the Uniformed Services Pay Act of 1963.

The Secretary and the Chief of Staff of the Army in their appearances before the House Armed Services Committee and the Department of Defense Subcommittee of the House Appropriations Committee have already expressed their views on the importance of a pay raise for the military services.

In this respect I know of no way to better emphasize the position of the Army than to quote from General Wheeler's testimony:

"I should like to state briefly at this point that the Army is highly appreciative that the Congress has always recognized in this scientific age that men are not machines, that high morale and esprit de corps do play an important part in operational effectiveness, and that investments in personnel benefits do pay dividends in the increased effectiveness, motivation, and usefulness of the individual. This recognition and understanding of the value of the individual to the modern military service is basic to our continued development and improvement.

It is plain, I think, that the Army's greatest resource is the professional-style soldier with the highly specialized skills needed to man the modern army. Our ability to attract, develop, motivate, and retain people of this caliber depends to a large extent on such things as troop housing, pay, benefits, family and bachelor quarters, and family life. I strongly support the need for a pay raise for the military, and believe there is agreement on this point generally. At the same time, I recognize that there will be some controversy as to the amount of the raise. I am content to leave decision on this in the capable hands of the Congress and this committee, since there is no logical way one can equate salary received with the sacrifices which the men and women of the Army are making now and are prepared to make when called on.

Having been in the personnel business during the past couple of years and having had the problem of trying to get a soldier with the right qualifications at the right place at the right time, particularly during the Berlin buildup, and the Cuban crisis, and to concurrently meet other high priority requirements including Vietnam and Korea, certainly makes me realize the great importance of not only getting but retaining, on a long-term basis, competent people. Certainly adequate pay is a major factor in such retention. I am sure that it is not necessary for me to undertake to amplify this point further with this committee.

Mr. Chairman this concludes my statement.

Mr. RIVERS. Thank you very much.

Are there any questions?

Mr. HARDY. I have just one, Mr. Chairman.

General, I wonder if you can tell the committee what contribution your office or the Chief of Staff office or the Secretary of Army's office made in the preparation of this pay legislation that has been before us.

General VITTRUP. I didn't get the question completely.

Mr. HARDY. I want to know what contribution you and the Army made in the preparation of this bill we are considering.

General VITTRUP. Actually, sir, as has been indicated, this special committee made most of the study in connection with the bill.

The Army, the same as I believe the other services, made certain input to that committee in data and little studies on the side that they requested.

We also went over certain action officers, so to speak, and made presentation to them on certain things like the ability to retain certain people in certain categories, and such as that.

Mr. HARDY. Did you advocate this particular approach, this approach of the reenlistment bonus?

General VITTRUP. To the best of my knowledge, we did—

Mr. HARDY. Don't you know whether the Army did or not, General? This is your baby. This is your responsibility.

General VITTRUP. We did not advocate that particular "gimmick" so to speak——

Mr. HARDY. That is what I asked you.

General VITTRUP (continuing). In the preparation of the study.

However, at the time we had an opportunity to comment, we did not object.

Mr. HARDY. So it was passive acquiescence?

General VITTRUP. Sir, you said that. [Laughter.]

Mr. BLANDFORD. Mr. Chairman, may I ask a question? General, you heard Mr. Rivers' comments on the proposed bill?

General VITTRUP. Yes.

Mr. BLANDFORD. Would you advocate the elimination of oversea pay?

General VITTRUP. The position taken by the Army at that time was that we would not object to the elimination of the oversea and foreign duty pay, provided the remote duty pay was implemented to a comparable and commensurate degree.

Mr. BLANDFORD. Do you think \$30 million for unusual hardship and \$133 million for sea pay indicates that would be the way it would be implemented?

General VITTRUP. I do not.

Mr. HARDY. He knew we were going to take care of that, didn't you General?

Mr. RIVERS. Did you read the statement I made this morning?

General VITTRUP. Yes, sir.

Mr. RIVERS. Do you agree with this last paragraph, where I said we had some professionals on this committee?

General VITTRUP. Yes, sir.

Mr. RIVERS. Thank you, General.

Mr. STRATTON. May I ask the general a question?

Mr. RIVERS. Excuse me.

Mr. STRATTON. I didn't understand your answer to Mr. Blandford's question. You say you would have no objection to elimination of oversea pay, provided the pay given to those on remote stations was increased by a comparable figure.

General VITTRUP. What I said, I believe, I can quote it exactly here: We have no objection to the elimination of sea and foreign duty pay in its current form. It should be dropped only if compensatory pay on a commensurate basis is added in the form of remote and isolated duty pay, and family separation allowance.

In other words, to compensate; these two things are to a degree in the same category.

Mr. STRATTON. You are saying——

Mr. BATES. You don't want to give it a different name?

Mr. STRATTON. If I understood you correctly, what you are saying is you don't mind the elimination of the oversea pay provided those who are actually in remote stations are compensated accordingly on the basis of their hardship, is that correct?

General VITTRUP. That is the idea.

Mr. STRATTON. Now, the amount of money that is spent in total doesn't have anything to do with it, does it?

There would be presumably fewer people who would be undergoing these actual hardships and would in fact be overseas, or would in fact be at sea, isn't that correct?

General VITTRUP. Not necessarily.

Mr. STRATTON. Not everybody as the chairman himself pointed out eloquently in his statement—not everybody overseas could be said to be in a hardship status.

General VITTRUP. No, sir; but the percentages used in the computation, either 15 or 25 percent. I would think would sort of up the ante on the amount of money involved—the number of people you have in Vietnam, for example. They are drawing foreign duty pay now, but if they were given a 25-percent differential in pay, rather than the foreign duty, there would be some difference in the pay which they would receive, I would think.

Mr. STRATTON. It is conceivable, is it not, even if you were to give this higher pay, that the total numbers would be smaller, so therefore the total figure would be less? I took Mr. Blandford to suggest that because the totals were different, that this had some significance which I didn't quite understand, but you agreed with his statement.

General VITTRUP. My feeling is that the order of magnitude of \$133 million versus \$30 million leaves something left to be added to the \$30 million.

Mr. STRATTON. In other words, your idea is there are so many people who are in a hardship status, that if you were to give a larger bonus to those who are in a hardship status, the total amount expended would be pretty much the same?

General VITTRUP. Pretty close.

Mr. RIVERS. Would you say that you would like for the committee to look at this pretty hard?

General VITTRUP. Sir?

Mr. RIVERS. Do you say you would like for the committee to look at this whole deal very carefully?

General VITTRUP. Yes, sir; I am sure they will.

Mr. RIVERS. You wouldn't object, would you?

General VITTRUP. No, sir.

Mr. RIVERS. Don't let's give the man any more trouble. The first thing you know somebody is going to ask him how many people are in Vietnam, how long they have been in Vietnam, and under what arrangements they got there, and all these things, that the public doesn't generally know. Don't let's ask the General. We want to see him live a little longer.

Mr. BENNETT. Section 312 of this bill, page 24, provides for special pay relative to hostile fires, something comparable to combat pay. Do you favor inclusion of that?

General VITTRUP. Yes, sir.

Mr. BENNETT. There is one section of this that does give me some concern, however, the overall section I am very much in favor of, but I have some question about subsection 4, which says, this pay will be paid when a person is captured by a hostile force, or become missing under circumstances indicating hostile action was involved.

It seems to me this might be subject to criticism of being contrary to public policy to pay somebody that was captured. I am not saying it is throwing aspersions on anybody, but I never heard of paying people for that event.

General VITTRUP. That is sure a possibility, sir.

Mr. BENNETT. Wouldn't you look on this as a negative force in this particular section? Do you have any comments you would like to make on that particular subject?

General VITTRUP. I didn't register on that particular point, to be perfectly honest with you, when I looked at the bill.

Mr. BENNETT. You do favor combat pay?

General VITTRUP. Very definitely. I think the people that are being shot at, ought to get a little better shake than the others.

Mr. RIVERS. Thank you, General.

**STATEMENT OF VICE ADM. W. R. SMEDBERG III, DEPUTY CHIEF
OF NAVAL OPERATIONS (PERSONNEL AND NAVAL RESERVE)
AND CHIEF OF NAVAL PERSONNEL**

Admiral SMEDBERG. Thank you, Mr. Chairman, gentlemen of the committee. I am, as you know, the Chief of Naval Personnel. I am also Chief of the Bureau of Naval Personnel. Then I am Deputy Chief of Naval Operations for Naval Personnel and the Naval Reserves.

It is a great privilege to me to be able to testify before this committee on behalf of a pay bill for the uniformed services; the first military pay bill since 1958. Since that time there has been an adjustment in the allowance for quarters, but other important fields of basic pay, subsistence allowances, and hazardous duty incentive pays have not been increased.

It is my belief that very few of the citizens of this country are aware of the degree to which the compensation received by the military man has declined relative to compensation in industry and in all other government activities since the military pay revision in 1958.

During this period, military men have been subjected to financial pressures of two types. First, the pressure of a slow but steady increase in the cost of living totaling close to 5 percent. Secondly, the economic pressure generated by the continuing rise in compensation of employees at all levels in the overall national economy. This increase has been estimated at anywhere from 18 to 23 percent by various sources, even more in some areas known to me.

The effect of these two pressures has been particularly severe on the Navy. Navy families, because of the nature of our calling, are for the most part concentrated in the areas where the cost of living is highest; namely, around the great cities and seaports of this country. The skill specialties which are so essential to the effective operation of our modern Navy are the very ones in the greatest demand in the civilian economy, and the ones for which the greatest financial inducements are offered.

In addition to economic pressures, there is a third important factor which adversely affects the Navy's retention of skilled personnel. I refer to the long and frequent deployments of ships away from home ports, which is required by the Navy's role in the cold war, with resultant family separation. During calendar year 1961, the last year for which compiled statistics are available to me at the moment, the crews of three essential types of combatant ships in the U.S. Navy—carriers, cruisers, and destroyers—spent 70 percent or more nights

away from home. During a 4-year tour of duty, days away from home for men in such ships totals approximately 3 years out the 4.

The Navy is also being squeezed by the increasing sophistication of our hardware which has intensified the need for longer and more expensive training of personnel before they can become skilled in the operation and maintenance of our complex weapons systems. Thus, failure to retain personnel beyond their first enlistment in many of the technical ratings is a matter of continuing grave concern to me. As Chief of Naval Personnel, I am responsible to the Secretary of the Navy and the Chief of Naval Operations for providing trained personnel for our ships and their weapons systems.

May I give you an example taken from the records of a division of a ship engaged in missile research. As you know, a division is an important functional part of a ship's organization.

This division of which I speak normally has 15 electronics technicians ranging from third class (E-4) to chief petty officer (E-7). During the past 18 months, the enlistments of 12 of the 15 have expired. One chief electronics technician with 16½ years' service re-enlisted. The 11 who did not re-enlist ranged in grade from third class (E-4) to chief petty officer (E-7) with 4-8 years' service. We know that seven left for jobs in industry with a starting salary of \$600 per month straight time, plus overtime and an expense allowance. These men were hired by six different electronics firms, at least four of which are known to have excellent retirement, hospitalization, and insurance plans.

In my own nontechnical Bureau in the last 2 years, we have lost 19 machine accountants to industry.

Unfortunately, these are not isolated incidents. The number of skilled petty officers in critical ratings has been subjected to a steady erosion. Our shortage of these petty officers, as of October 1962, was over 32,000 in our critical ratings alone. We also have a substantial shortage of experienced officers, over 4,000, in the grades of lieutenant and lieutenant commander alone.

Admiral Anderson, in his statement before this full committee, spoke of the Navy's challenging problem of rapid turnover of personnel.

This is, of course, primarily due to our inability to retain sufficient numbers of our skilled technical personnel. The actual numbers involved are startling and will be of interest to this committee, I am sure.

I want to digress a little from my text here because I see it doesn't say quite what I meant. I wanted to say the number involved in the turnover of our personnel, the numbers are startling, and will be of interest to this committee, I'm sure.

We are talking about a total turnover in this present fiscal year, 1963, of 290,000 officers and men who are either entering or leaving the Navy—144,252 entering and 145,907 leaving. For fiscal 1964, we forecast that, under present conditions, the turnover will be about 300,000 officers and men.

As this committee is well aware, the Armed Forces are proud that ours is a profession of service. But officers and men must have a reasonable wherewithal for themselves and their families. An adequate increase in pay is clearly imperative.

In my fourth year as Chief of Naval Personnel, based on experience gained under three different Secretaries of the Navy and the three Assistant Secretaries of Defense (Manpower), I am convinced that, without such adequate recognition of the value of our officers and men, the Navy will be in serious straits in the next few years.

I am confident that today, as in the past, this committee will take the necessary action.

I am grateful for the opportunity to testify. This completes my prepared statement, Mr. Chairman.

I might say, sir, incidentally, because you have a lot of what I like to call gold, instead of brass here today, I have brought a second-class electronics technician with me who is in the back of the room. I will bring him every day I am here before your committee. I took him off the cruiser *Long Beach*. He is drawing the highest proficiency pay authorized, \$60 a month. He has a wife and three small children. He is the nuclear reactor console operator on the nuclear cruiser *Long Beach*, and I really brought him because I was shocked to the core when I read the other day in an official piece of paper that his opposite number in the SS *Savannah*, the only merchant nuclear ship, draws \$14,000 a year, and his union is negotiating for a 50-percent increase for him. This young fellow gets \$397 a month, with the highest proficiency pay we can give him.

Thank you, sir.

Mr. RIVERS. I have so many questions I want to ask, maybe I better let Mr. Hardy start off.

Mr. HARDY. I wanted to ask the same question I asked General Vittrup, just what did your office, or the Secretary of Navy, contribute to this piece of legislation we have before us?

Admiral SMEDBERG. I will say first, sir, we contributed the same group of people to work with Mr. Gorham's committee. We made presentations outlining our problems. In the short time that we had to see the results of the committee, both our Secretary and Admiral Anderson protested vigorously against this career incentive payment system.

The letters are a matter of record, I'm sure.

Mr. HARDY. The incentive reenlistment?

Admiral SMEDBERG. This career incentive payment system we are talking about, the reenlistment bonus; yes, sir.

Mr. STRATTON. Were very much against it, Admiral, did you say?

Admiral SMEDBERG. Yes, sir, they expressed very strong views against this proposal.

Mr. STRATTON. The present system?

Admiral SMEDBERG. No, sir; I'm talking about the proposed system.

Mr. HARDY. The system that is contained in this bill, is that right?

Admiral SMEDBERG. The system that is contained in the House bill, not Mr. Rivers' bill.

Mr. HARDY. That is what I'm talking about, the House bill.

Admiral SMEDBERG. Yes, sir.

Mr. HARDY. I think, Mr. Chairman, we ought to have at least in our hearing record, a copy of these, so that we can understand fully the arguments that have been made on this point so that our record will be complete.

Mr. RIVERS. Can we get those, Mr. Blandford?

Mr. BLANDFORD. I think it is really a question here of executive communications, which I don't like to raise, but I presume if the committee requested the Navy to submit to it its recommendations concerning the career incentive payments that there will be little the Secretary of the Navy could do except to comply with the request.

Mr. HARDY. That is the request I am making, Mr. Chairman. I hope you will honor my request.

Mr. RIVERS. Let's see if we can't get that.

Mr. BLANDFORD. May I ask, Mr. Chairman, in that connection, if Admiral Smedberg thinks this bill, as written by DOD, will go a long way toward solving the Navy's problem?

Mr. HARDY. In light of the procedure—

Mr. BLANDFORD. Well, the DOD bill, as a whole.

Mr. RIVERS. I assumed Admiral Smedberg didn't recommend we discontinue the sea pay.

Admiral SMEDBERG. To answer the first question first, sir, if I may, although the seniority is less.

In my opinion I definitely feel that the problems of retention which we now face in the Navy will continue to exist under this bill.

Mr. BLANDFORD. You think that the chairman's proposal is an improvement?

Admiral SMEDBERG. As I see it I think the chairman's proposal is an improvement, sir.

Mr. BLANDFORD. You think this will do more to help solve your problem of retention?

Admiral SMEDBERG. I think it will help more, sir.

Mr. BLANDFORD. It won't solve it?

Admiral SMEDBERG. No, sir.

Mr. BLANDFORD. Are you satisfied with the increases provided for officers?

Admiral SMEDBERG. Personally, sir, I am not.

Mr. BLANDFORD. Do you think we have made sufficient increase for the junior officers?

Admiral SMEDBERG. Personally I do not feel, sir, that—I don't want to volunteer information. I want to express my views, but I can't express my views—I don't feel that I can volunteer information, sir.

Mr. HARDY. Then we will just have to give you a whole flock of questions, Admiral. I appreciate your situation.

Admiral SMEDBERG. Yes, sir.

Mr. BLANDFORD. Do you think the senior officers—let's put the question this way: Do you feel the junior officers look to the increases provided here for the senior officers, and that this enters into their consideration as to whether they are going to make a career of the Navy?

Admiral SMEDBERG. I personally feel very definitely that is the case, particularly with the best young officers, the smartest ones, the ones we want most to keep.

Mr. BLANDFORD. Obviously the Navy did not recommend the elimination of sea pay?

Admiral SMEDBERG. We did not, sir.

Mr. RIVERS. Did you protest it?

Admiral SMEDBERG. We did, sir.

Mr. HARDY. If that was in writing, Mr. Chairman, I ask we have a copy of that, also.

I think we need this in order to understand this better.

Mr. RIVERS. If we can get that—Mr. Blandford, see if you can get that.

Mr. Bates, do you have a question?

Mr. BATES. Fiscal 1964, why such a large increase in the turnover?

Admiral SMEDBERG. It is not a great deal larger, sir. It is only about 10,000 or 12,000 more, 290,000 to 300,000.

Mr. BLANDFORD. That is in and out, both, sir.

Admiral SMEDBERG. It is an in-and-out total.

Mr. BATES. It is in and out, oh, all right.

Admiral SMEDBERG. It is a total of 10,000 in and out, or about 5,000 each way.

Mr. BLANDFORD. Do you think, Admiral, the chairman's suggestion which has not been thoroughly discussed, but contained in his statement concerning a family separation allowance for all personnel who are truly separated from their families, and the illustration you have given here of a man going to sea, and being actually at sea 3 out of 4 years, do you think this family separation allowance the chairman has suggested would help to alleviate the situation?

Admiral SMEDBERG. Yes, sir, it is one of the finest things I have heard in a long time.

Mr. BLANDFORD. You would endorse the family separation in the concept Mr. Rivers has proposed?

Admiral SMEDBERG. Heartily, sir.

Mr. RIVERS. I wish we had time to read the letter here that was handed to me by somebody. If the committee will give me a second, I would like to read a little bit of it.

Mr. HARDY. Second.

Mr. RIVERS. Read starting right here [indicating].

Read starting at No. 1, and read on through there.

You spoke of that electronics young man on Long Beach.

Admiral SMEDBERG. Yes, sir, who is here now.

Mr. RIVERS. How he compared with a man on the SS *Savannah*, NSS?

Admiral SMEDBERG. No, it is the SS, Steamship *Savannah*.

Mr. RIVERS. This letter is from a captain, comparing himself with a civil service employee.

Admiral SMEDBERG. Yes, sir.

Mr. RIVERS. I want you to hear that. Read that.

Mr. BLANDFORD reading:

"In view of the recent pay increases for professional civil service personnel, the small amount of information that has leaked out with respect to the potential military pay increases has been most disquieting, in fact, almost insulting.

At the comparable service position level, civil service personnel will receive approximately a 20-percent pay increase by January 1, 1964. The only information I have been able to gather with respect to our military pay situation ostensibly because Secretary McNamara has maintained a veil of secrecy over this matter is that captain will be recommended for a pay increase of about \$45 per month. If this is true, then I find the entire pay situation insulting with respect to the military-civilian relationships in our activities.

I am not against the pay increases for our civilian engineers. Their increases have made their pay somewhat equitable with their commercial counterparts

* * * GS-14 and above civilian personnel making up to approximately \$4,000 more per year than I will be earning including allowances as of January 1, 1964. I consider this to be a most unhealthy command and management situation. I feel that I contribute just as much technically and considerably more in administration and decisionmaking on technical matters as any civilian engineer in a certain laboratory. I am sure that this situation prevails in other laboratories and activities of the Navy, and in ships, perhaps to even a greater degree.

My pride has been wounded sorely and the pride is about all we have left in our profession. I would take such retirement action most reluctantly since I have loved the Navy and it has been fair and just with me in the past.

Of course, I as an individual don't really count for much in the Navy but I feel there must be hundreds more who are going to have the same thoughts and conclusions and the Navy and Government cannot afford to lose our collective services.

I request this matter be brought to the attention of those in uniform who are working with the pay study groups and/or the Secretary of the Navy.

Mr. RIVERS. This is a thing that is on my mind. If we look at these things as a slide rule proposition, and confine it solely to figures, they talk about quality control, we don't have any. We are dealing with human beings, and there is no such thing as slide rule thinking. The slide rule thinking is bad for morale. We have so frequently used uniform services up and down the breadth and length of this country. I lived in the shadow of a naval shipyard all my life. I used to work in a naval shipyard. We don't like to see a cleavage between civilian personnel and officer personnel.

To let these things get so far out of line is disturbing me. It is destructive in my opinion, of something that you can't buy with money. If one dedicates one's self, and realizes someone is overlooking this, it is something you can't put your hand on, but it is a tragic thing. It is a tragic thing. You can't evaluate these people.

If they are losing interest and wanting to get out all over the lot, from the lowest to the highest. It must bring you the same heartache that I feel. You must see a "jillion" cases. I have gotten so many. Mr. Blandford is my repository. I don't know how many you get.

Admiral SNEDEBERG. You have expressed my personal thoughts far better than I could, Mr. Chairman. In my own Bureau, and in all of our bureaus, we are having this same situation. Our division directors now have many people working for them who are drawing more money than they who have the full responsibility and the authority for all the decisions and judgments that are made in the division.

Mr. RIVERS. This is what is disturbing me. When I compiled my statement, I put it in.

Mr. HARRY. I was thinking along this line, Mr. Chairman. It is an extremely serious situation, and I am wondering what we can do from a practical standpoint in view of the pay raises that have been approved, I believe another one goes into effect soon—in view of that level, I think most of us who are realists believe there is no prospect of getting a military pay bill that would overcome this inversion situation that you have been talking about.

Now, you are bound to have a rather rough morale situation, where you have military personnel and civilian personnel working in the same area, perhaps the military personnel even supervising the civilian personnel, and the civilian personnel getting considerably more in pay than the military.

I don't know what the answer to it is. I think it perhaps obviously would not be a provision for prohibiting the employment of a civilian

at a higher pay rate than the military supervisor, but there must be some way that we can approach this. Do you have any suggestion?

Admiral SMEDBERG. I can only say, sir, it is my personal conviction that if this is not corrected, it is going to be very bad for the military services.

Mr. BLANDFORD. Mr. Chairman, I think we should bear in mind that we have a serious imbalance, or have had in the past a serious imbalance in the armed services personnelwise.

One of the great problems that we always face in a pay bill is that we separate the concept of pay from the concept of career management. Perhaps the ideal system would be one day to write a pay bill and a promotion bill simultaneously. Then you would have your attrition rates established by law. About the time you get an attrition rate established by law, you come across a situation such as Korea or the Berlin crisis. Then your attrition system falls by the wayside.

One of the problems that we face, which was brought to my attention the other day, that there was a recommendation at one time in 1958 that if the 1958 pay increase were to be put into effect, then they would reduce the number of colonels and captains serving on active duty. This has not been possible, because of a variety of things that have come up since that time. Then we had to pass a hump bill to get rid of captains, in order to provide promotion opportunities for commanders then we had to force out commanders, in order to get promotion opportunities for lieutenant commanders.

On the one hand we talk about an officer who retires because his civil service counterpart is earning more money, and on the other hand, we talk about forcing out a commander who wants to stay because there isn't any place in the promotion system for him. What I am saying is that when you combine pay and personnel management together, and try to consider these as isolated parts of the whole, you just don't come up with a really intelligent approach to this matter.

I believe when the Bolte proposal is considered and thoroughly analyzed and we get together, that is, the services come closer together, on uniform promotion procedures, that thereafter, someone is going to have to sit down and write a pay bill commensurate with promotion opportunities.

It is going to have to be tied hand-in-glove.

Mr. RIVERS. Of course, Mr. Bates makes the observation that the rate by which obsolescence has overtaken the fleet, this deficiency in your personnel will be all right, because you are not going to have any fleet to put them on anyway.

We ought to wake somebody up and get this fleet going. I just don't know what is going to happen, frankly. I am just as indecisive as the rest of you. The only thing I know, is that our fleet is getting obsolete much faster than we modernize. We can add up 2 and 2.

Your personnel is in the same situation.

I have been in Congress 23 years, and I never have heard anybody discuss, in the annual pay increases for the Post Office employees—I never hear anybody worry about the budget. They pick out the thing, and away we go.

Mr. BATES. I wonder why that is, Mr. Chairman?

Mr. RIVERS. You know why that is. I never heard anybody worry about the budget in that bill. They just give a raise, and that is it.

But here we are with people who are charged with the responsibility for the security of this country proscribed by a budget figure, and it is disturbing. That is why this letter was read, that is why I wanted this letter read here.

Mr. Blandford, what will they make: these civilian employees?

Mr. BLANDFORD. Actually, the figure of about \$3,000, a GS-14 will make between \$3,000 and \$3,500 more than O-6. Now you can subtract from that the retirement feature, because of the fact that the civil service individual must contribute toward his own retirement. I don't want to get into that aspect of it, because you would be here forever when you start discussing who contributes most or who has the better system. But you can subtract about 6½ percent from that figure of his total pay and you will find that the GS-14--and there used to be relatively few of them, and I have the figures, we have many more GS-14, 15, and 16, now--there is about a \$2,500-a-year difference, if you consider many factors, and you can argue that figure one way or the other.

We try to make this apply to 15,000 O-6's, for example. It is obvious there aren't 15,000 O-6's who have 6 or 8 GS-14's working for them. We probably have some O-6's, who probably have a GS-3 working for them.

I am not being critical of this at all, Admiral. What I mean is, in a military pay system, as in a Government pay system, the good man, the average man, and the fairly borderline case, and the outstanding man, all draw the same pay. That is why it is impossible in my opinion to ever try to compare military pay with industry.

In industry you promote the man and make him president of the Ford Motor Co., then make him Secretary of Defense, if he is a really capable individual.

We have below-the-zone selections. We do have selection up to the grade of captain, and then we have selection on to admiral. We try to do this on a best fitted system. We try to work in a system that will produce the best men for the jobs, but we also know we have to use promotion in order to get people pay increases. The difficulty here is that you have got lieutenant colonels who are doing fantastic jobs.

In industry they would probably be making \$35,000 a year. On the other hand, you undoubtedly have O-5's who are running small post exchanges some place, who would do well if they got \$6,000 a year in a comparable position in industry.

This just happens to be the luck of the draw, as to where a man is serving at the time. His next assignment might put him in an important position. This is all part of the military system. This is why the comparisons are so unfortunate, because the man that sees this, the man who has the GS-14 working for him, is the man who at that moment is unhappy, and he is the one who applies for retirement.

Mr. RIVERS. We don't want to get too much into philosophy here. Mr. Stratton.

Mr. STRATTON. I would like to get the Admiral's point of view here. It is my understanding that you like to answer questions, rather than express your point of view.

Admiral, do I take it that you favor this bill or you are against it, personally?

Admiral SMEDBERG. I support a pay bill, sir.

Mr. STRATTON. Well, now, is your recommendation for a higher increase?

Admiral SMEDBERG. Yes, sir.

Mr. STRATTON. What was the difference between your recommendation and the bill?

Admiral SMEDBERG. Well, I would say roughly, where this bill is approximately 13 percent, or the bill is 14 percent, we honestly can't find where that 14 percent is—I would say that the minimum necessary to bring the military man back into a comparable level today in the economy of the United States would be something on the order of 23 percent, which is just what the civil service has had in the last 4½ years. We need comparability in government. I am not worried, myself, about the comparability in industry. I agree that we can't have that.

Mr. STRATTON. I don't want the philosophy of it, Admiral, I think we all agree on that, and I think we also recognize this is probably an impossible goal. I want to know what the Navy recommended. Did you recommend a 23-percent increase?

Admiral SMEDBERG. No, sir; we did not make a specific percentage or dollar increase.

Mr. STRATTON. That would be what you would recommend?

Admiral SMEDBERG. Yes, sir. This is my own personal opinion.

Mr. STRATTON. Is this a straight across the board, or do you disagree with the way in which this thing is allocated between the various ranks?

Admiral SMEDBERG. It would not be in my opinion straight across the board, sir. I think that the attention that has been given to the middle-grade officers is excellent. I think that that is going to correct some of our problems in the salary area. The lieutenant (junior grade), the lieutenant, and lieutenant commander. I think the ensign is woefully short, in comparison with all his fellows. His increase is barely that of the cost-of-living increase since he had his last raise 10 years ago.

I feel that the enlisted middle grades are getting about one-half of what they need to have to live decently. Where they are given \$20 to \$35 a month, it should be \$40, \$50, or \$60 a month, in my opinion, to enable them to live decently like Americans.

Mr. STRATTON. What about the higher ranks?

Admiral SMEDBERG. I honestly feel the smartest young man will not be very much attracted by the salaries of the higher grades. The percent increase of the higher grades, as I read it, is equal to or just less than the cost-of-living increase during the past 4½ years.

Mr. STRATTON. You don't recommend—you still don't recommend a flat increase in each particular grade?

Admiral SMEDBERG. No, sir. I think this committee is far better equipped to do that than I.

Mr. STRATTON. Well, I am sure the other members are, but I am just one member. I don't know how we can do it without getting recommendations from those who deal with this kind of thing. It would seem to me any pay bill would be an almost impossible job.

I would like to get your recommendation, Admiral, with respect to the Navy. How much should we give the admiral, how much the

captains, how much should we give the apprentice seaman, and so on? It seems to me this would be helpful, Mr. Chairman.

Mr. RIVERS. I don't think the Admiral made any such proposal.

Admiral SMEDBERG. No, sir.

Mr. STRATTON. I am trying to give him an opportunity to present it to us. Perhaps he could give it for the record.

Mr. RIVERS. Do you have any such studies?

Admiral SMEDBERG. Have we studies?

Mr. RIVERS. Have you any such list of suggestions he asked for?

Admiral SMEDBERG. I have not made up a detailed pay bill; no, sir. We have very definite ideas, some of which I just stated in response to questions.

Mr. STRATTON. Let me try to pursue some of these other things then, Admiral, to try to get your thinking. This is for guidance for me. It is all very well for us to talk about how inadequate the bill is and it is all very well, of course, to talk about how there is no dollar figure, but we are talking about tax cuts and trying to reduce the expenditures to meet it, and it does seem to me we have to be as responsible on this committee as any other committee is.

What about this reenlistment bonus? Do I understand that you are in favor of the present system, and you don't recommend any change in it?

Admiral SMEDBERG. No, sir; that is not correct.

Mr. STRATTON. What change would you recommend?

Admiral SMEDBERG. I personally feel that the present proposal will not increase the retention rate of the men we need to keep with us.

Mr. STRATTON. Would you oppose any increase in the reenlistment bonus for the first reenlistment as a method of trying to attract the men that you want?

Admiral SMEDBERG. I personally feel, sir, that the present reenlistment system has been very effective in ratings, other than the critical ratings. For the critical ratings, it is obvious to us we have to offer a lot more than we have been offering, or we wouldn't be 32,000 petty officers short in those critical ratings.

We frankly feel that a bonus such as the Department of Defense proposes superimposed on the present bonuses might do the trick.

Mr. STRATTON. Superimposed on it, rather than substituted for?

Admiral SMEDBERG. Yes, sir. For instance, we can't honestly see that there is much attraction for a radarman-second to know that he can get \$2,400 when today he knows he can get \$2,000.

Now it is true he can't get it all at once, but I am not certain that getting it all at once is the attractive thing that it is purported to be.

We think that the reason we have a 90-percent or better reenlistment rate after the first reenlistment, and we do not have that in our critical ratings, the men who do reenlist, and they are splendid people, reenlist about 80 percent for a career.

Mr. RIVERS. At that point, Mr. Stratton, may I interject here?

If we were to implement P-3—the P-3 that would give him \$150 a month. That is \$1,800 a year.

Admiral SMEDBERG. Yes, sir.

Mr. RIVERS. That \$2,400 is a lump payment, as Mr. Hardy says, he may wake up tomorrow morning and say, I spent all my money, I bought that broken-down Ford, or whatever it is, now I am hooked for 4 more years. Whatever it is, tomorrow it is all gone.

Under this P-3, he would get \$150 a month, and something to go along with. I suspect that is why I made my statement. We ought to give that a fairer try.

Admiral SMEDBERG. Were you telling me or asking me, Mr. Chairman? I am not quite certain.

Mr. RIVERS. If I started telling you, I would be speaking to the wrong man. Did you hear what I said?

Admiral SMEDBERG. I did hear what you said, sir. I am in a bit of quandary, because I have supported, for some years, a greatly increased "pro" pay for the Navy.

And that was after coming from command of the 1st Fleet—2d Fleet, 4 years ago, when I was against it. In the fleet I was against it, because there was great bitterness, and there still is today, among the enlisted men. For example, two petty officers, the boatswains mate-second, who comes off the forecandle after 18 hours in freezing weather, comes down and sees the electronics technician-second, working in the warm compartment and drawing more than he does every pay day.

It is a constant, every other week, irritation to that man to see this other fellow whom he thinks isn't working as hard as he is, getting more pay.

There are two sides to this question, Mr. Chairman. I personally feel that the bonus at the point of reenlistment is preferable because that is a one-shot deal, it is not known to everybody else, really. It is between the Government, and it isn't brought to light in the ship every 2 weeks at the pay table. That is my philosophy.

Mr. RIVERS. As against the full implementation of the P-3? or P-2, or P-1?

Admiral SMEDBERG. Yes, sir. I feel the "pro" pay is a very valuable tool if properly used, and have stated so during the past over 3 years.

Mr. BLANDFORD. Isn't that the answer, Admiral?

Admiral SMEDBERG. It is hard to say what the answer is, sir.

Mr. STRATTON. I would like to return to my line of questioning.

Admiral, do I understand you to say, then, that the implementation of the Department's recommendation with regard to eliminating the bonus on the second and subsequent reenlistments would, in your opinion, jeopardize the reenlistment rate for the Navy?

Admiral SMEDBERG. Personally, I think it would harm it, sir. And I think it fails to recognize something that I think is tremendously important. And that is, that all men of high mental caliber are not necessarily in the critical skills, nor does loyalty, dedication to duty, and effectiveness, necessarily go hand in hand with skills and mental capacity. We have perfectly wonderful men in this Navy in other than the critical ratings, and we need them—all of them.

We can't lose them by taking away from them what they have today.

Mr. STRATTON. How do we take care of the gentleman that you brought with you here, other than just a general pay increase?

Admiral SMEDBERG. The reason I brought him, sir, was in the thought that perhaps at some time in this hearing you might like to ask him a question. He was picked from the cruiser *Long Beach*. I asked that a man with a wife and several children who was a nuclear reactor operator be sent down here. I asked him when he came into my office, how much more money per month would he feel he would need to make the Navy a career. He hasn't made up his mind yet. He is in his 7th year. He is drawing top "pro" pay. He said he felt

that \$100 a month might make the difference to him. He is right here, you could ask him, if you have time later. I will keep him as long as this committee would like to have me keep him available.

Mr. STRATTON. May I ask just one more question, Admiral, and that is, with respect to the recommendations on retired personnel, Do you favor that part of the bill?

Admiral SMEDBERG. After a long struggle, sir, I have come to the reluctant conclusion that that is the best solution in the long-range interests of the country. I'm going to be one of the people who will someday perhaps be inclined to say, in my old-age retirement, well, these fellows are getting all this extra money, but I don't think now that I will honestly think I am entitled to it.

Mr. STRATTON. Thank you, Admiral.

Mr. RIVERS. Mr. Long?

Mr. LONG. Admiral, will this bill, inadequate as it is, in your opinion, improve morale and increase enlistment?

Admiral SMEDBERG. Yes, sir, it is bound to improve morale. I don't honestly feel it will increase retention, and I say retention, sir, because frankly we get enough enlistments. Our failure is not in—

Mr. LONG. I meant reenlistment.

Admiral SMEDBERG. Yes, sir, reenlistment.

It will not encourage, in my opinion, reenlistments beyond—in the critical ratings.

The differential is too great, sir.

Mr. LONG. On chart 1, on the Secretary of Defense's report, on page 4, there are a whole bunch of reenlistment rates here for first-term regulars, these puzzle me a little bit. I wondered if you could clear up that puzzle possibly, Admiral.

I think the last pay increase went into effect in 1958?

Admiral SMEDBERG. Yes, sir.

Mr. LONG. Do you have that table there, sir?

Admiral SMEDBERG. No, sir, I don't. Does somebody have the table?

I have it now, sir.

Mr. LONG. It shows as you might expect in 1959 there was an increase in reenlistment rates for first-term regulars, that is what you might expect as a result of the increased pay. But the thing that puzzles me is that in 1960, the year following that, reenlistment rates went way down, and as a matter of fact, the average of 1959 and 1960 then is substantially lower, 25.6 percent, than it was in 1958. That puzzles me. Just why that sharp decline in reenlistment rates from 1959 to 1960 occurred, after that rather encouraging rise. And then I am further puzzled by the fact that from then on, in 1961-62, there is an increase in the reenlistment rate in practically every category, occupational category, although I gather that there has been no substantial improvement in pay, or incentives. These rates baffle me a little bit. I have a feeling we perhaps ought to know what the reason for them is, to understand possibly what effect the proposed pay bill might have.

Admiral SMEDBERG. I can only say, Mr. Long, these, of course, are all the services.

Mr. LONG. That is right.

Admiral SMEDBERG. And I have compared these figures with my own in the Navy. They are somewhat alike. Just for your own information, my own Navy figures in 1959—or take 1958—were 22.6, first-term reenlistment. Then 1959 was 23.4, a slight drop in 1960, to 21.3, then at 27.8 in 1961, a 28.3 in 1962.

Mr. LONG. Yes.

Admiral SMEDBERG. We are very proud of those increases in the face of the situation.

Mr. LONG. I wonder how you can explain them in view of the fact that the pay hasn't really—how could you explain that drop in 1960, which for all three services is very severe, and extends to every single occupational category, and then second, how would you explain the improvement since then?

Admiral SMEDBERG. I find it impossible to explain it, sir. I have asked my people that question. We are trying to find the answer. We don't know it.

Mr. BLANDFORD. I think I might be able to suggest to you, Dr. Long, some of the possibilities. You will find that your reenlistment rates will have something to do with your enlistment rates and in the years when they occur; for example, following the pay increases in 1952, 1955, 1958. Now you will notice that 1962 figure, the civilians got a pay increase, and the theory is when the civilians are getting a pay increase the military cannot be too far behind. In this case they are, but in 1962, people started talking about a pay increase, and that is when this pay study started. So therefore, you have a slight increase in reenlistment rates in 1962. Now, you will find that your 1960 rates probably reflect the 1956 enlistment, you see. By that time the effects of the 1955 pay increase had worn off, so that you didn't have quite as many people enlisting for the 4-year period.

Mr. LONG. Kind of an echo affair.

Mr. BLANDFORD. These are echos, plus the fact you get the Berlin crisis in here in 1961. That enters into it. You have the Lebanon crisis in 1958. All of these things are factors in enlistment rates, and therefore they are a factor also in reenlistment rates.

Mr. LONG. Do you find your reenlistment rates are very well correlated with the unemployment rate?

Mr. RIVERS. That is what I was going to say, the economic picture affects it some in some areas?

Admiral SMEDBERG. It is hard for me to say, sir, as far as I can see the employment in this country for the people we want is very good.

Mr. LONG. Yes.

Admiral SMEDBERG. And they are siphoning our people from us.

Mr. RIVERS. Has this been true for a long time?

Admiral SMEDBERG. It has been true for several years, sir, and it is getting more and more true as the offers from industry to our people increase in size.

Mr. BLANDFORD. I think the most significant figure, Mr. Chairman, and Dr. Long, is to look at the 1959 improvement over 1958. This is an indication of what happens when you come up with an "honest to God" pay increase.

Mr. LONG. That is right, I pointed that out.

Mr. BLANDFORD. 1958 was a very good pay increase.

Mr. LONG. That was very encouraging, as I say, but the dropoff in 1960 occurred. I wonder if we will look for something similarly discouraging after this pay increase.

Mr. RIVERS. Thank you very much, Admiral.

We will start off with General Stone tomorrow morning, and ask you to come then. We will also hear from General Diamond, General Terry.

Mr. BLANDFORD. Dr. Diamond is representing General Terry.

Mr. RIVERS. Admiral, have the young man stay around here a few days.

We will meet again tomorrow at 10 o'clock.

(Whereupon, at 5 p.m., the committee recessed to reconvene at 10 a.m., Wednesday, February 27, 1963.)

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
SUBCOMMITTEE NO. 1,
Washington, D.C., February 27, 1963.

The subcommittee met, pursuant to adjournment, at 10:12 a.m., in room 313-A, Old House Office Building, Hon. L. Mendel Rivers (chairman of the subcommittee) presiding.

Mr. RIVERS. Let the committee come to order.

I want to announce that we will be unable to meet this afternoon. We have business on the floor. The chairman wants us to be on the floor at that time. So those we cannot hear this morning, and who are scheduled, if you will be here tomorrow morning promptly at 10 o'clock we will take up exactly where we left off.

Is there anything else?

Mr. BLANDFORD. No, sir.

I would like to insert in the record at this point a letter from the dean emeritus from the College of Engineering, University of Texas, concerning salary levels of professional engineers.

(The letter is as follows:)

Congressman HOMER THORNBERRY,
House Office Building,
Washington, D.C.

DEAR CONGRESSMAN THORNBERRY: The writer has been engaged in professional engineering for more than 50 years--sometimes for industry, sometimes for the U.S. Government and again for university-level engineering education. This has included personnel selection for the International Harvester Co., the Tennessee Valley Authority at Knoxville, the U.S. Embassy at London under civil service, the United Nations at Ankara, Turkey, and the faculties at the University of Tennessee and the University of Texas.

One principle those of us involved in such engineering and scientific selection needs to be emphasized. In closely related assignments in engineering at each level, a high degree of uniformity must be maintained. This is especially true in Federal offerings otherwise the harmony and efficiency as between services disintegrate out of all proportion to the saving made by the lower paid units of such services.

Currently, there is a bill proposing a much larger pay increase for the civil service personnel of the United States than for the military personnel assigned to do mostly civilian duty especially in the fields of medicine, sanitary engineering, public health engineering and industrial hygiene. For strategic reasons these men must be prepared to go anywhere or any place under U.S. orders but during peacetime are assigned to civil duties in sewerage, health water supply and medical services in States, cities, hospitals and government research laboratories.

The inconsistency of different levels of compensation for the same or similar professional engineering assignments is most noticeable when the recruiting agents of the several U.S. services visit our engineering and scientific colleges and universities. It is not possible for an engineering faculty adviser to give the interviewed graduates at the bachelors, masters, or doctorate grades a justified reason for one U.S. service to have one pay scale and other divisions to have a higher or lower scale.

I would recommend that H.R. 3006 be amended to place the salary levels of men of professional engineering and scientific level on a comparative and equitable basis whether employed by the Civil Service, the Tennessee Valley Authority or the civil activities divisions of the Armed Forces.

Sincerely yours,

W. R. WOOLRICH,

Dean Emeritus and Professor of Mechanical Engineering, College of Engineering, the University of Texas.

Mr. RIVERS. Just before we call the first witness, I want to entertain Mr. Hardy's request that you obtain from the DOD the position of each Department on this proposal transmitted to Congress.

Mr. HARDY. Mr. Chairman, I would, if you don't mind, prefer that we defer putting that request in the record until after we had had General Stone's testimony, because there are certain aspects of it I think may clear up some of the data we need.

Mr. RIVERS. We will defer that. We will begin this morning by hearing Lt. Gen. William S. Stone, Deputy Chief of Staff of the Air Force for Personnel.

General Stone, we will be pleased to hear from you at this time. You may proceed, General Stone.

STATEMENT OF LT. GEN. WILLIAM S. STONE, DEPUTY CHIEF OF STAFF, PERSONNEL, HEADQUARTERS, U.S. AIR FORCE

General STONE. Mr. Chairman and members of the committee, it is a pleasure to appear before you today to discuss the matter of military pay and allowances. This is my first opportunity to testify before your committee since my recent return to the Pentagon.

It is reassuring to see several familiar faces and to recall the many pieces of legislation benefiting military personnel which this committee has developed and sponsored. It is particularly gratifying to renew my acquaintance with several members of this committee and to acknowledge the collective experience, ability, and judgment of all the members.

President Kennedy, in his message accompanying the Federal Service pay reform bill, made quite clear his hope that Federal employees would be paid at a rate comparable to industry. His desire was carried out by Congress insofar as civil service pay is concerned. I suggest that the military pay should also be comparable to industry, and certainly not less so than civil service pay. Please notice, I do not say equal, but comparable.

In the balance of my statement I will make frequent use of the civil service pay rates only as a means of making meaningful comparisons with other civil pay rates.

The Air Force joins in prior testimony advocating the need for a military pay raise. From a philosophical standpoint, I believe that military people should always be compensated at a level which implicitly recognizes the military profession as a dignified, respected,

and honorable one. As the users of some of the most expensive and complicated military systems and hardware, it is also vitally important that we attract and retain the highest possible caliber of people. We cannot ask our people to continue to live under conditions substantially inferior to those enjoyed by personnel of like ability and experience in the civilian segment of our economy.

The Air Force agrees that the goals of the pay proposal before your committee will help to achieve both of these ends. In attempting to achieve those goals, however, we must face up to the fact that a period of 4½ years between pay adjustments has been too long. The gap between military and other types of pay has become too wide to be overcome easily. Still, it must be overcome, or at least significantly reduced.

I have appended a series of charts to this statement and I would like to refer now to the first one.

The source of the first chart is the Endicott Survey published in the Management Record of the National Industrial Conference Board. It covers 352 college campuses, surveyed by 218 companies. You see that the average college engineering graduate is made a more attractive offer than we can make and that the take-home pay differences exist throughout the years.

I might add parenthetically, that these 218 companies hired about 15,000 college graduates in 1962, which is about the annual income, input, of new officers into the Air Force each year.

The proposed pay rate for a second lieutenant may not attract the high quality young man we must have in the Air Force to operate and maintain the complex systems we employ.

The sharp young man we need sees that the starting military salary is lower than what he could get in civilian life—he knows that law will set forth his promotion opportunities and his pay. He looks at the future. He knows that in the military he will be required to make frequent moves, that he will often be separated from his family; that he may be required to serve in isolated and unpleasant places. On balance, it isn't a very attractive career picture when compared to the relative stability and higher pay of civilian pursuits. Recent letters requesting retirement from officers clearly pointed out their devotion to the military life, their wholehearted willingness to serve and the satisfactions they obtain from serving their country in uniform. The tenor of these letters can be easily summarized simply in the statement: they can't afford to stay with us.

Of course, the young man we want faces a military obligation. However, he may join the National Guard and not have to leave home, or, he can be inducted and be out in 2 years. If, however, he elects to become an officer in the Air Force, he is obligated for 4 or 5 years. Many are taking a chance on the draft. If our pay rates do not become more comparable, we must expect to attract even fewer good people than at present.

Charts 2 and 3 are illustrative of imbalances that have taken place since 1949. These charts do not intend to infer that the civilian and military grades are equal—rather, they tend to illustrate how the pay rates have grown further apart as the years have passed. This is true of all civil service pay rates—and because the civil service pay

rates are now comparable to industry; these charts illustrate clearly the lack of comparability of military pay—even with the proposed increase you are now considering.

The upshot of this situation is that we have retention problems. For example, in fiscal year 1962 we needed 13,000 reenlistments in technical skilled fields to meet our requirements. We actually obtained about 77 percent of our desired input; for fiscal year 1963 we need 17,000 reenlistments in critical skills. At this time it looks as if we will obtain approximately 60 percent of our desired input and this even in light of the normal rise in reenlistment rates just prior to a pay bill. Anything less than 100 percent of our objective is of course unsatisfactory. Lack of continuity and pyramiding training costs are but two of the reasons.

In the officer area, we are retaining approximately 41 percent of our young officers beyond their minimum obligated tour of duty. Within this overall rate, rated officer retention is 56 percent, nonrated officer retention is 21 percent, scientific and engineering officer retention rate is 20 percent, with some skills in the scientific and engineering areas as low as 7 percent.

It is anticipated that retention in the future will be even more difficult because about 90 percent of the officers we are now procuring have college degrees. This will increase their chances of obtaining jobs outside the military with far more attractive pay scales than those we can offer. It is not unusual for an officer to leave the service as a lieutenant with pay of approximately \$6,000—1958 rate—per year and within 12 months command a salary of \$10,000 in either industry or civil service. In a recent service publication, a former staff sergeant wrote—

Because civil service offered higher pay and faster promotions I, a 30-year-old staff, picked up my Air Force discharge along with my newly won bachelor of science degree and accepted a position as a GS-7 in the procurement field at Fort Hood, Tex.

In addition, he stated—

Now, two and a half years later, I am a GS-9 (compared to a first lieutenant). I have a civilian secretary, a second lieutenant, and three sergeants working for me, and I am eligible to join the Officers' club if I so desire.

When we consider comparability, which is so sorely needed, we should include all grades and ranks. I need not go into detail on the senior officers' responsibilities for vast amounts of the Nation's resources and the demands on them for the highest degree of management skill. The influence of adequate compensation at the top as a factor in attraction and retention at the lower levels should not be overlooked. The capable, ambitious young man who aspires to succeed will look further than immediate salary in selecting his lifetime career. His goal is the top, and he naturally will examine the remuneration at this level when making his career decision. I note that the proposed pay increase for the Chief of Staff is \$95 as compared with a \$120 increase for a chief master sergeant.

This committee will hear detailed testimony on all the features of this bill. I will not take any more of your time at this point. I will conclude my remarks by saying that the record of this committee reveals an intense interest in the welfare of the military man. I have

the utmost confidence in the collective experience, ability, and judgment of the committee to recommend an equitable bill which will suit the needs of the service.

I would like to thank the entire committee for its interest, and commend your counsel, Mr. Blandford, for his assistance and sympathetic understanding of our problem.

(The charts above referred to -Nos. 1, 2, and 3- are as follows:)

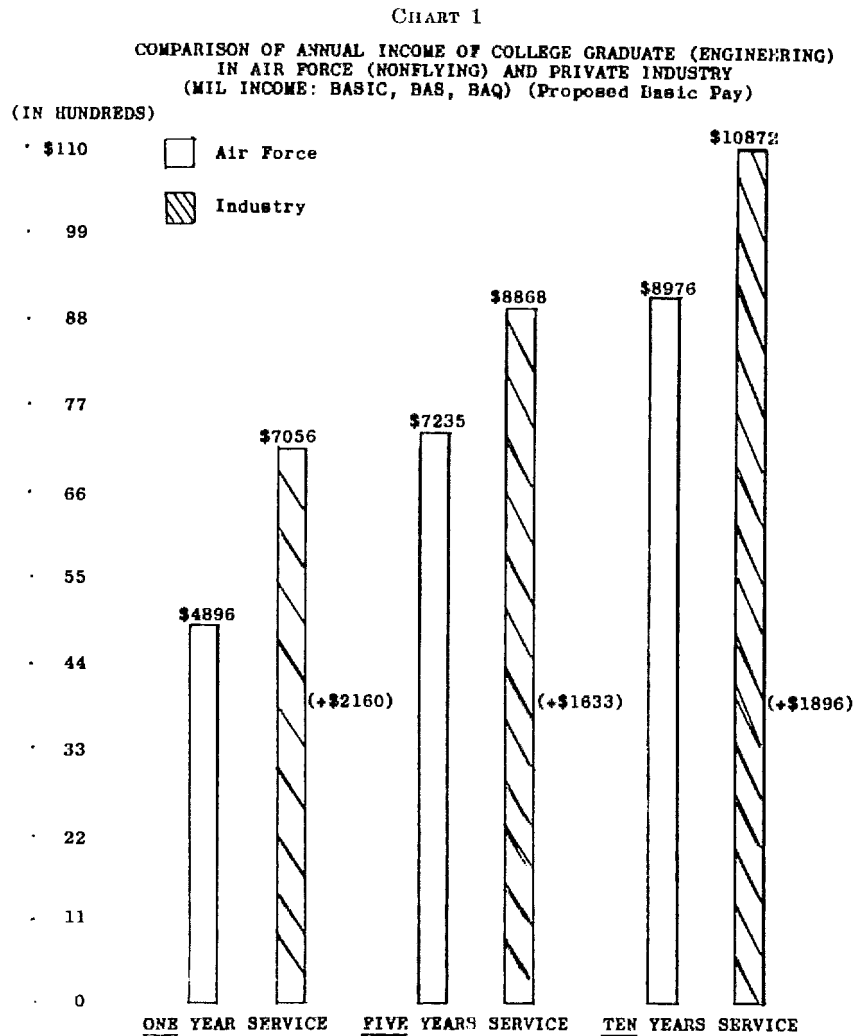
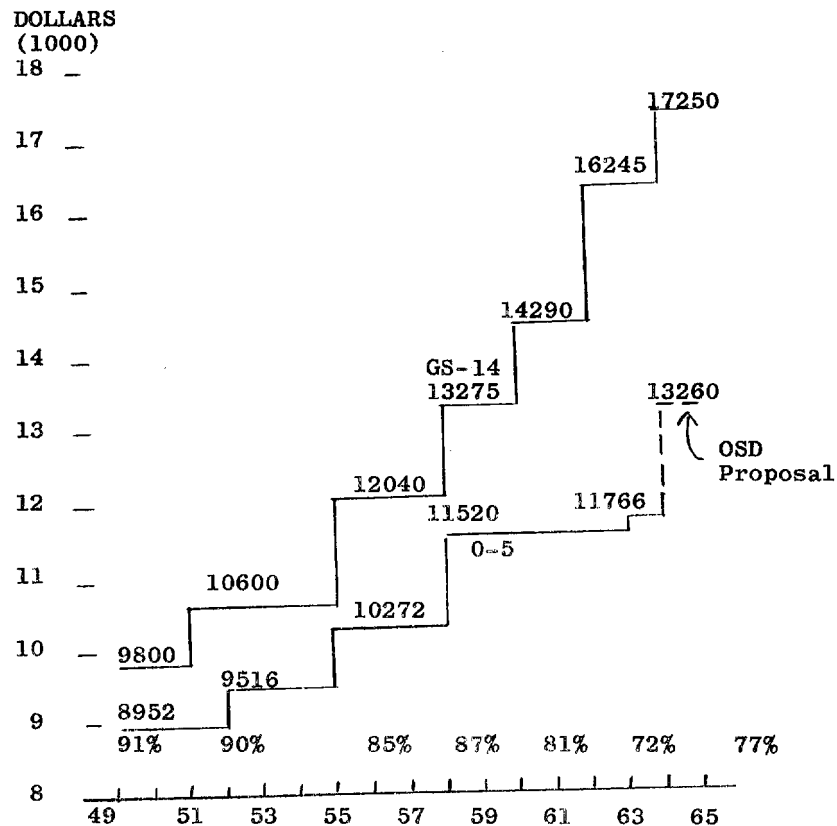


CHART 2
SALARY COMPARISON
O-5 with GS-14
1949 to 1964



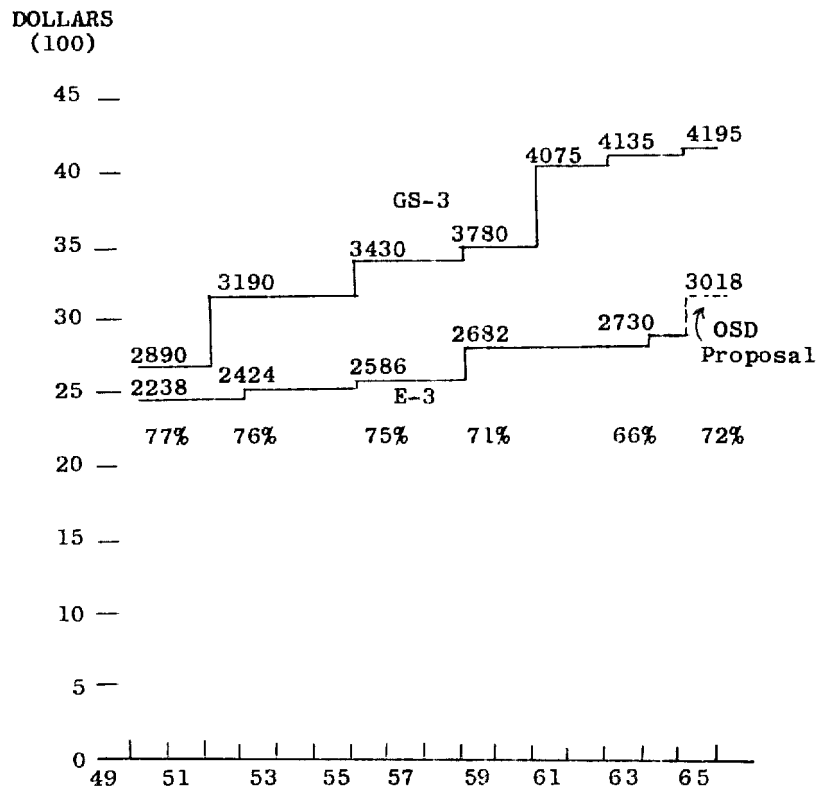
NOTES:

1. Computed at maximum pay points.
2. Civilian salary includes Base Pay only.
3. Military salary includes Base Pay, BAQ and BAS.
4. OSD pay proposal for 1963 includes \$29.22 in increased subsistence.

$$91\% \times \$17,250 = \$15,697$$

CHART 3
SALARY COMPARISON

E-3 with GS-3
1949 to 1964



NOTES:

1. Computed for E-3 with over 4 years and GS-3 in step 4.
2. Civilian salary includes Base Pay only.
3. Military salary includes Base Pays BAQ (1 Depend), BAS, Reenl Bonus, and Clothing Allowance.
4. Computed on an annual basis.

$$77\% \times \$4195 = \$3230$$

Mr. RIVERS. Thank you very much, General Stone.

I want Mr. Blandford to ask a question for me concerning these men assigned to isolated posts, for the record at this point.

Mr. BLANDFORD. General Stone, the Air Force in particular has a problem with people who are assigned to remote duty stations. I am speaking of the radar technician and the electronics personnel who are operating radar stations, and that type of an assignment. They have in many cases the misfortune of being in a skill which actually sends them from one remote area to the next. They may come back to civilization for a year, but they can almost rest assured their next assignment will be on the top of a mountain someplace, or up around Point Barrow, Alaska.

There is a suggested provision in this bill which may or may not be sufficient to include them, but what would you think of the concept of paying these individuals a family separation allowance equivalent of not less than \$30 a month, or one-third of the quarters allowance to which they would be entitled if they were without dependents, as some compensation for this onerous type of duty to which they are constantly exposed?

General STONE. Mr. Blandford, Mr. Chairman, the situation is not limited to these radar operators. We have many different skills where the requirements are principally overseas, and principally in areas where the locality of the service is remote, isolated, away from a community.

In one particular case, for example, we have most of the airmen and officers in this career field serving in isolated places overseas. This is in the security business. We train these people at great expense. They go to a remote station where there are few facilities. They are separated in general from the normal aspects of civilization, as we know it, and after one enlistment or one obligated tour of duty as an officer, they say, "that is all for me," and leave, and we have to train another one; and some of these skills require extremely long training periods.

For example, training in the Chinese language. It takes a very long time, and it is a very expensive proposition. We get the use of the man for a year or so, then he goes out in civilian life. I think that the provision you speak of would be an assistance in this area.

Mr. BLANDFORD. You would endorse this family separation allowance concept proposed in the committee print the chairman has prepared?

General STONE. I would.

Mr. BLANDFORD. Do you think that the proposed bill sent over by the Department of Defense will accomplish this objective?

General STONE. In the overall context?

Mr. BLANDFORD. Yes, sir.

General STONE. I noticed in Mr. Paul's statement yesterday, Mr. McNamara's statement read by Mr. Paul, that he said that the purpose of the military compensation system was to attract and retain per-

somel in the services. If that is the objective, I don't think that this proposal will meet it.

Mr. HARDY. What other objective could there be, General, if that is not the objective? What would you think the objective is?

General STONE. Those are the proper objectives, but I don't think the bill will meet them.

Mr. BLANDFORD. You heard the chairman's statement yesterday. Would you endorse in general what he said; that is, or would you consider that his subcommittee print is an improvement over the DOD bill?

General STONE. I think there are some very excellent features of the committee print. There are some deletions with which we concur. On the whole, I think that the committee print is a manageable approach to the problem.

I would like to see a higher rate of pay included, however.

Mr. RIVERS. In what area?

Mr. BLANDFORD. That is just what I was going to ask.

General STONE. Well, there are several areas, but it is a difficult thing to summarize in a few words the entire pay scale.

Mr. BATES. Did you have any chance to prepare any tables, General Stone?

General STONE. Yes, sir; in anticipation we might be asked for a recommendation, we constituted a group of officers from all the major commands of the Air Force in the United States, and they studied this problem for several weeks and came up with a proposed pay scale that they would think would be adequate to do the job of restoring the historical relationship between military and civil service pay.

Actually, they in general are pretty close to the committee's print on the first increment. They have followed the civil service pay bill format in that they broke it into two increments realizing the gap between military and civil service pay is too great now to be eliminated in one change. The first one is generally the same as the committee print, as amended by the Chairman's remarks yesterday.

For example ---

Mr. BATES. Do you have copies of this, General?

General STONE. I have only one copy here.

Mr. BATES. Would you have some made for the committee?

General STONE. Yes, sir.

Mr. BLANDFORD. Also, insert that copy in the hearing at this point.

Mr. RIVERS. Put that in the record at this point, General Stone.

General STONE. All right.

(The charts referred to above by General Stone follow.)

AIR FORCE PAY PANEL PROPOSED RATES
Officers - First Increment

GRADE	CUMULATIVE YEARS OF SERVICE																			
	Under 2	Over 2	Over 3	Over 4	Over 6	Over 8	Over 10	Over 12	Over 14	Over 15	Over 18	Over 20	Over 22	Over 26	Over 30					
C/S	2170	2170	2170	2170	2170	2170	2170	2170	2170	2170	2170	2170	2170	2170	2170					
0-10	1380	1440	1440	1440	1500	1500	1500	1615	1615	1735	1735	1850	1850	1965	1965					
0-9	1220	1265	1290	1290	1290	1325	1325	1380	1380	1500	1500	1615	1615	1735	1735					
0-8	1105	1105	1175	1175	1175	1265	1265	1325	1325	1380	1440	1500	1560	1570	1580					
0-7	915	985	985	985	1030	1030	1090	1090	1150	1265	1355	1355	1355	1355	1355					
0-6	665	705	760	760	760	760	760	760	775	905	950	975	1035	1120	1120					
0-5	535	570	615	615	615	615	635	670	720	775	825	855	890	890	890					
0-4	460	490	525	525	535	560	600	635	665	695	725	725	725	725	725					
0-3	385	410	440	490	515	540	570	600	630	630	630	630	630	630	630					
0-2	305	345	420	435	450	465	490	510	530	530	530	530	530	530	530					
0-1	265	280	355	365	380	395	410	430	450	450	450	450	450	450	450					

Footnote for officer pay tables: Pay rates are based on the assumption that subsistence rates will be increased to \$77.10. If this increase is not provided then the basic pay rates must be increased by \$29.22.

AIR FORCE PAY PANEL PROPOSED RATES
Officers - Second Increment

GRADE	CURATIVE YEARS OF SERVICE																	
	Under 2	Over 2	Over 3	Over 4	Over 6	Over 8	Over 10	Over 12	Over 14	Over 16	Over 18	Over 20	Over 22	Over 24	Over 26	Over 28	Over 30	
C/S	2225	2225	2225	2225	2225	2225	2225	2225	2225	2225	2225	2225	2225	2225	2225	2225	2225	
0-10	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	
0-9	1780	1780	1780	1780	1780	1780	1780	1780	1780	1780	1780	1780	1780	1780	1780	1780	1780	
0-8	1605	1605	1605	1605	1605	1605	1605	1605	1605	1605	1605	1605	1605	1605	1605	1605	1605	
0-7	1395	1395	1395	1395	1395	1395	1395	1395	1395	1395	1395	1295	1395	1395	1395	1395	1395	
0-6	1010	1010	1010	1010	1010	1010	1010	1010	1010	1010	1060	1100	1145	1245	1245	1245	1245	
0-5	725	725	725	725	725	765	800	840	875	910	965	1000	1045	1045	1045	1045	1045	
0-4	545	580	620	620	650	680	710	750	785	820	860	860	860	860	860	860	860	
0-3	415	450	490	530	555	585	615	645	680	680	680	680	680	680	680	680	680	
0-2	340	360	400	450	470	485	510	530	550	570	570	570	570	570	570	570	570	
0-1	285	320	405	415	435	450	465	490	515	515	515	515	515	515	515	515	515	

Footnote for officer pay tables: Pay rates are based on the assumption that subsistence rates will be increased to \$77.10. If this increase is not provided then the basic pay rates must be increased by \$29.22.

AIR FORCE PAY PANEL PROPOSED RATES
Airmen - First Increment

GRADE	CUMULATIVE YEARS OF SERVICE																	
	Under 2	Over 2	Over 3	Over 4	Over 6	Over 8	Over 10	Over 12	Over 14	Over 16	Over 18	Over 20	Over 22	Over 26	Over 30			
E-9							435	445	455	475	490	510	540	570	570			
E-8							365	375	385	395	405	415	425	450	500			
E-7	255	275	285	295	305	315	335	345	355	365	375	385	410	450	450			
E-6	220	240	250	260	270	280	290	300	310	320	330	330	330	330	330			
E-5	190	210	220	230	240	250	260	270	280	280	280	280	280	280	280			
E-4	160	180	190	200	210	210	210	210	210	210	210	210	210	210	210			
E-3	115	145	155	165	165	165	165	165	165	165	165	165	165	165	165			
E-2	100	120	120	120	120	120	120	120	120	120	120	120	120	120	120			
E-1	90	110	110	110	110	110	110	110	110	110	110	110	110	110	110			

AIR FORCE PAY PANEL PROPOSED RATES
Airmen - Second Increment

GRADE	CUMULATIVE YEARS OF SERVICE															
	Under 2	Over 2	Over 3	Over 4	Over 6	Over 8	Over 10	Over 12	Over 14	Over 16	Over 18	Over 20	Over 22	Over 26	Over 30	
E-9							495	505	520	540	560	580	615	650	650	
E-8							415	425	435	445	460	475	485	515	570	
E-7	295	315	330	340	355	365	375	390	400	410	425	435	465	515	515	
E-6	260	285	295	305	320	330	340	355	365	375	385	385	385	385	385	
E-5	230	250	265	275	290	300	310	325	340	340	340	340	340	340	340	
E-4	190	215	225	240	255	255	255	255	255	255	255	255	255	255	255	
E-3	115	145	165	200	200	200	200	200	200	200	200	200	200	200	200	
E-2	100	120	120	120	120	120	120	120	120	120	120	120	120	120	120	
E-1	90	110	110	110	110	110	110	110	110	110	110	110	110	110	110	

General STONE. I would like to suggest that this is a two-increment increase. One could be effective at this time, and the other one in the following fiscal year.

Mr. BLANDFORD. In other words, do I gather that what you are saying is that we might find under this bill that we would be in the position where retired personnel will be guaranteed a cost-of-living increase, while active duty personnel do not have the same guarantee?

General STONE. That is right.

Mr. BLANDFORD. Are you saying that there should be language, or at least an indication, which is what the Secretary indicated in his statement, that there should be an annual review of military pay?

General STONE. I think that would be most advisable, at least every 2 years, but not allow a 4- or 5-year span to take place between reviews.

Mr. HARPY. This incremental arrangement you are talking about, General, is that patterned after the civil service pay increase of last year?

General STONE. Yes, sir; it is. It is patterned after that.

In that regard, it is in two parts. If you will refer to that chart that I had in my prepared statement, the objective of this pay scale is to show what it would take to bring military pay into the same area of comparability with civil service pay that it used to have prior to 1949, and before. That is about a 10-percent differential.

Mr. HARDY. As soon as we finish discussing the content of this, Mr. Chairman, I would like to get into a little of the background of it.

Mr. RIVERS. Mr. Blandford, you have developed that, haven't you?

Mr. BLANDFORD. As I understand what General Stone is saying, there is a wide discrepancy today between military pay and civil service pay and, of course, there has been a very substantial increase in the higher civil service classifications. I found every place I went, as a matter of fact, in a recent trip to some of the military bases, that a lot of people are leaving the military service to take civilian positions and practically do the same job at substantially more pay.

I might add parenthetically, that the charts—may I ask if the charts reflect the contributory retirement system?

General STONE. No. I would like to refer to these charts, comparing an officer pay scale with civil service, and another one compares an enlisted pay scale with civil service.

Mr. RIVERS. I think we ought to acknowledge, too, at the outset, while we, of course, agree with the objectives of the statement of Mr. McNamara's presented to us by Mr. Paul, that we agree with the objectives; so do you. But there is a fact of life we must acknowledge, and that is the fact we have working side by side with our uniformed man, enlisted and officer, a civil service employee, and the fact there is a discrepancy and a growing difference between the comparable salaries, at least that is what the military feel, is causing a lot of trouble. We have got to recognize that, and while I think we must abandon the idea of trying to compete with industry—we can do something about competing with our own creatures; to wit, the civilian employee, and the Congress should not, in my opinion, put the civilian in one area, the military in another, and permit this cleavage to continue. This is a fact of life we must acknowledge, Mr. Blandford, and that is where you come in, what you found on your trip, and everywhere I go—you take that letter that I read by some captain in the Navy, everywhere I go we hear these military people referring to the various degrees of civil service salaries, the discrepancy and wide difference in comparable salaries paid these two groups of Government employees.

General STONE. Mr. Chairman, the study group that we organized that I have just spoken of went back into the history of the relationship between civil service pay and military pay, and they found that prior to—in 1949, and prior thereto—that there was something on the order of a 10- to 20-percent differential historically between the two. This I suppose is to compensate for the fringe benefits the military enjoys.

Mr. RIVERS. That is why Mr. Hardy wants to get this philosophy.

General STONE. The retirement system of one service versus the other. That was historically a differential that seemed to be a reasonable one. Now, this differential has gotten larger, and it is up around the 25- to 35-percent point now.

Mr. HARDY. You say it is between 25 and 30 percent now, General?

General STONE. About 25 and 35 percent, yes.

Mr. HARDY. Between 25 and 35.

Mr. RIVERS. After the last increment?

General STONE. Including the proposal before you today; the DOD proposal.

Mr. HARDY. How long has the study group you have been talking about been working on this comparison?

General STONE. As I recall, sir, there were about 20 officers involved for a period of about a month.

Mr. BLANDFORD. Convened January 7, 1963, to be exact.

Mr. HARDY. That is the study group you are referring to?

General STONE. Yes, sir.

Mr. HARDY. General, in order to get this thing in proper perspective, I would like to ask you a question I asked both General Vittrup and Admiral Smedberg.

What was the Air Force called upon to do, and what did it contribute in the formulation of this bill we have before us?

General STONE. As you know, sir, the Department of Defense organized a pay study group under the sponsorship of Mr. Gorham who was here yesterday. We were asked to provide some personnel for that study group, and, as I recall, we put four people on it. Then we were asked to contribute statistics and data as asked for by the study group.

We were not a part of the study group, except that we had some people on it.

Mr. HARDY. You were not invited to volunteer?

General STONE. We were asked for no recommendations, no.

Then when the pay study was completed they submitted to us their proposals as I recall, on the 15th of October, and we were allowed about 2 weeks in which to make comment. We did submit comments on the proposals of the pay study group. We were not asked, however, to comment on the bill that was submitted to the Congress except as to its legal and technical sufficiency.

Mr. HARDY. I was going to ask you that question next. If you had been requested to comment on this bill, now, you said you were not requested to comment on the bill. Can you tell the committee whether there were significant changes made from the first proposal and the final draft as it was submitted for introduction into Congress?

General STONE. Yes, sir; the proposals of the pay study group, as I recall, had 28 different suggestions. Some of those were dropped entirely. Some were put into the bill using the philosophy that was concurred in by our service and not concurred in by others, and vice versa.

Mr. HARDY. So there were some significant changes?

General STONE. Yes.

Mr. HARDY. And there was no opportunity for the services to comment after those changes were made? There was no request for you to comment on it?

General STONE. There was no official request for comment. I did have a conversation with Mr. Paul and his staff one day relative to the overall provisions that they contemplated putting in the bill. However, I didn't, as I recall it, see the bill, itself.

Mr. HARDY. Now, this study group that you have mentioned made a comparison—see if I have this correct—of military pay with civilian pay. Is that overall civilian, or just the civil service?

General STONE. We made the comparison with civil service.

Mr. HARDY. Do you know whether a similar study or comparative study was made by the Gorham group or any of its subgroups?

General STONE. I think they made several different approaches to the problem. One of them was a comparison with civilian pay.

Mr. HARDY. Are you familiar with a subcommittee of that group headed by Admiral Settle that was supposed to have made a study on this bill?

General STONE. No, sir.

Mr. HARDY. You don't know whether there was a comprehensive study made by any subgroup of the Gorham group?

General STONE. I know that Mr. Gorham at the outset made several different approaches to the problem, and whether those could be considered official positions of the study group, or not, I am not qualified to say.

Mr. HARDY. Mr. Chairman, I would like to interrupt this testimony just long enough to see if we can find out from the DOD representative about this. I have information that such a study was made, and, if it was, I would like to request that it be provided along with the communications submitted by the several services in connection with the original proposal.

Mr. RIVERS. Mr. Blandford, can you find anybody you can contact on this?

Mr. BLANDFORD. Colonel Meyers is here, Mr. Chairman, from DOD. There was a panel, there was a study group. I think General Pepper, Admiral Settle, and others—there are two different boards, some of them served on the same board, as a matter of fact, but actually the President appointed Mr. Clarence Randall as the overall panel study chairman to conduct a study of military pay and civilian pay as far as that is concerned.

This morning's paper indicates apparently there has been another recommendation for even further increases in civilian pay, which is certainly going to boost the morale of the armed services considerably.

Then these recommendations, as I understand, were studied, and Mr. Gorham had a study group working with this panel, and they in turn submitted their recommendations to the Secretary of Defense. But I believe that what actually happened here is that the White House had a study made up of civilian and military personnel, I think mostly civilians from the Randall Committee viewpoint.

Then they in turn farmed out the problem of military pay to the Gorham group, who in turn submitted their recommendations back to the Secretary of Defense who transmitted them to the President, and the Randall Committee—and this is what came out in the bill that we have before us.

Now, I am sure that somewhere between the original study that was prepared and what came out in this bill, there is probably a very substantial difference. I don't think there is any doubt about that.

But I assume, also, that the President, after consulting with the Secretary of Defense, had to consider this as a part of the national

defense budget as to just how far he could go in recommending increases in military pay at this time.

Mr. HARDY. It is my information that there was a subgroup, or subcommittee, or whatever you call it, of the overall committee headed by Admiral Settle, who did go into an extensive comparative study of civil service and military pay. Now, if that is the case I think it would be helpful to this committee to have before it the information which the Gorham group and which DOD had before it, that enabled it to arrive at the recommendations with as much clarity as they have got. I think it might be helpful also to relate that or compare it with the study which the study group General Stone has mentioned made for the Air Force.

I think also, Mr. Chairman, it would be helpful if Mr. Paul would tell us a little bit more about the reasons that he was completely satisfied to submit this bill without any opportunity for the services to comment on it after he put it in final form.

Mr. RIVERS. He will be back tomorrow.

Mr. BLANDFORD. I would like to read, Mr. Chairman, a letter addressed to the President, dated December 20, 1962.

DEAR MR. PRESIDENT. On behalf of my colleagues on the panel on Federal Pay Systems, I transmit herewith our report on the major military compensation proposals which will be presented to the Congress in its next session. Our report is unanimously supported in principle by the members of the panel who are Gen. Omar Bradley, Mr. John J. Corsine, Mr. Marion B. Folsom, Mr. Theodore Howser, Mr. Robert A. Lovett, Mr. George Meany, Mr. Don K. Price, Mr. Sidney Stein, Jr., Mr. Clarence B. Randall. Mr. Meany has two specific dissents set forth in the attached letter from him.

It is our understanding the Secretary of Defense wishes to make the proposal. If it meets with your approval, release of our report by the White House and the Department of Defense simultaneously with the statement of the Secretary of Defense might be helpful.

The panel has been grateful for this opportunity to participate in a most important undertaking, and we trust our report will be of assistance to you and the Department of Defense.

CLARENCE B. RANDALL,
*Chairman, Advisory Panel,
Federal Pay System.*

Mr. RIVERS. Does he have a schedule there?

Mr. BLANDFORD. I don't have the report suggested by that panel. But my impression would be that the panel study would be very close to what is contained in the DOD bill now.

Mr. RIVERS. Well, let me ask you a question. Does that come under the heading of Executive communications?

Mr. BLANDFORD. Yes, sir.

Mr. HARDY. It is all under the heading of Executive communications, Mr. Chairman, but I tell you, if we start inquiring in that area we will not be through forever. We have to have access to this information, if it is going to enable us to do a job on this thing.

Mr. RIVERS. Mr. Blandford, is there any way we can get a copy of that schedule?

Mr. HARDY. We can ask for it.

Mr. BLANDFORD. We can certainly ask for it, Mr. Chairman.

Mr. RIVERS. You ask whoever is the person to ask. We will start off with that bridge and see how far we get in that area.

Mr. HARDY. We are talking now, Mr. Chairman, of all of these documents, communications from the three services, that were sent following—

Mr. BLANDFORD. Four services.

Mr. HARDY. From the four, that is right—that were set following—

Mr. RIVERS. When you speak of that, always refer to four services.

Mr. BATES. Three establishments.

Mr. RIVERS. Three establishments and four services.

Mr. HARDY. Mr. Chairman, I just can't believe there will be any questions on the part of the Secretary of Defense to provide us with this information.

Mr. RIVERS. I don't, either.

Mr. HARDY. If they don't give us that information, we have to conduct a study. It certainly will be helpful.

Mr. RIVERS. See what you can do on Mr. Hardy's request, Mr. Blandford.

Mr. BLANDFORD. I would like to ask, if I may, whether the Department of the Air Force has ever recommended further implementation of the proficiency pay system?

General STONE. Yes, sir; I think that the record is pretty clear that we have been consistent all along in our recommendations relative to the proficiency pay provision that was incorporated in the law, and for the first 3 fiscal years of its use, that is, 1959, 1960, and 1961, we were provided with the proficiency pay that we asked for.

Mr. BLANDFORD. Dollarwise?

General STONE. Both in terms of the numbers of people who could get it, and the dollars that went with it.

Mr. BLANDFORD. To your knowledge, has the Air Force ever asked for authority to implement the law for the P-3, at \$150 a month?

General STONE. Yes, sir; we asked for it in the 1964 budget, but it was denied.

We asked for full implementation of the proficiency pay at the highest rates.

Mr. RIVERS. That is \$150?

General STONE. That is \$50, \$100, and \$150, for P-1, P-2, and P-3, and we were given the \$30 and \$60 limits on both P-1 and P-2, and nothing for P-3.

Mr. RIVERS. Now, right at that point, to follow up that line of thought, as a conclusion. Had you gotten what you asked for—when was that?

General STONE. This was in fiscal 1964 we asked for that. Previous years we had asked for only P-1 and P-2, but we were limited in previous fiscal years to the \$30 and \$60.

Mr. RIVERS. If this thing were fully implemented, how far in your opinion would it go to relieving you of some of the conditions that have been brought to the attention of the committee?

General STONE. I think that if we were allowed to implement proficiency pay to the limits expressed in the law, that we could do a great deal to eliminate the rapid turnover of our enlisted force, increase our retention, and thereby reduce training effort.

Mr. BATES. Why do you recommend the full implementation?

General STONE. We were testing this thing, frankly. We did ask

for a higher rate on the lower P-1 and P-2 grades, but we didn't want to go whole hog all at once until we felt our way along.

Mr. BATES. You were satisfied from your experience that in fiscal 1964, you should go the whole distance?

General STONE. Yes, sir.

Mr. RIVERS. Did you do this after having tried carefully to evaluate and equate its effect throughout the Air Force, or did you decide on this after you didn't see any other avenue to investigate, you just thought you would take this and see what you could do. Which is the reason for it?

General STONE. I think actually the reason we asked for it was our experience in the past with the lower levels of proficiency pay had shown us that this was an effective means of remunerating the young men who take the expensive types of training.

We relate the use of proficiency pay to the retention rates in a particular skill, the cost of training in that skill—

Mr. RIVERS. That was the reason for it?

General STONE. Yes, sir; and the attraction for that skill in civilian life.

Consequently, we found that this did have a tendency to keep people in the services if we could pay it to the highly skilled personnel that it was intended for.

Mr. RIVERS. Does that cover it?

Mr. BLANDFORD. There is another important subject to be mentioned.

Mr. RIVERS. Go ahead, Mr. Bennett.

Mr. BENNETT. I understand you that you are going to put in the record and furnish to this committee an analysis of proposals that your group in the Air Force has worked up, which would bring about an approach to comparability between civil service and military pay; is that correct?

General STONE. Well, I had been asked to put these pay scales in.

Mr. BENNETT. Does it do what I said, or does it do something less or more?

General STONE. It does what you said; yes, sir.

Mr. BENNETT. Has this proposal been discussed with people in the armed—other armed services?

General STONE. No, sir; except for one short informal briefing with Army and Navy representatives, this is strictly an Air Force study. We were not asked to submit it to anybody.

Mr. BENNETT. Has any estimate been made as to the comparative costs between the Department of Defense bill and the bill which you would suggest?

General STONE. The first increment of this bill, insofar as the Air Force alone is concerned, would add about \$15 million to the proposals submitted to you by the Office of the Secretary of Defense.

Mr. BATES. Fifteen?

General STONE. Fifteen.

Mr. BENNETT. That is very negligible, I might say?

General STONE. That is for the Air Force alone. The second increment would be a very sizable one, almost the same size as the whole package this year.

Mr. BENNETT. As I have approached this problem, with this discussion since we started, and also as I approached it before, I have the feeling I am in a well-produced automobile, setting out on a 5,000-mile journey with a governor that restricts me to 10 miles an hour. I feel frustrated about this. I feel the armed services are entitled to much better pay than the Department of Defense bill, and I hope some mechanism can be established by this committee to make a practical approach to this matter.

It seems to me that you approached it practically when you suggested doing it on an increment basis, doing it not only for 1 year, but doing it for 2. It does eliminate some of the disadvantages of the long delays that we have had in the past; that is, it looks forward to the fact that maybe there would be another delay, and maybe we won't act on this field of activity next year. Of course, really, it should be looked at every year, in my opinion, to get a good approach to it.

I hope you will present the proposals you have to the other branches of the service, and I hope we can have some comment from them in this hearing with regard to this, because I think we, and the Armed Services Committee, have the responsibility to bring forth a bill we think is best for the country. We all voted on the civil service bill. Most of us voted affirmatively on that bill. Certainly members of this committee who know the sacrifices made in the military, and know the responsibility, the necessity for them, are not inclined to do less by the military than we do by the other.

Of course there is the other aspect of this which you are going to meet on this coming Friday. The people are actually drafted to serve in the military service. To me it is an offensive thing that we would have to draft people and then not pay them adequately for their services. I hope that something can be done, I certainly hope you will present your proposal to the other branches of the service, and I would like to ask you specifically, now, have you ever done that? Have you ever presented your proposal to the other branches of the services in a formal or informal manner?

General STONE. To my knowledge, it has not gone to the Department of Defense or the other services officially. It may have gone to them informally.

Mr. BENNETT. Well, could you do that today? Could you give it to them today?

General STONE. Yes, sir.

Mr. BENNETT. I would like later on during this hearing, if we can, to have their comment on it. Maybe there would be some adjustments they would like to make. I would like to approach this from a realistic standpoint to see whether we can't increase the amount of this bill, so you won't have to have another immediate pay raise in the immediate future. I think they need a raise, that is all I have to say.

Mr. BLANDFORD. General, for the Air Force, in particular, if the mail we are receiving is any indication—this elimination of per diem has really very adversely affected morale, particularly in the Air Force, and I am sure in the other services. This is a very minor part of the cost of maintaining our armed services, but it certainly has a very deleterious effect upon the individual.

I was in Goldboro, N.C., and learned from a sergeant that when one of their units returned from the Cuban crisis, and they had been entitled to a commuted ration of \$1.03 a day, that when they returned, because they were being fed by the Army, or the Air Force, at McDill, I presume, that each of them was presented with a bill for \$1.80, as a result of their having been gone for 2 months.

It turned out, of course, they were drawing commuted rations, and I think they were getting \$1 a day per diem, so the difference between the \$1 and the \$1.03, meant they owed the Government 3 cents a day for every day they were on temporary duty.

Have you received a great amount of correspondence on this per diem?

General STONE. Yes, sir. As I understand, the loss of the 3 cents a day—there wasn't any bill presented, they just lost the 3 cents a day for this period of time.

Mr. BLANDFORD. I understand it amounted to \$1.80, as a result of 60 day of temporary duty.

General STONE. This is right.

Mr. BLANDFORD. The interesting thing about this per diem is the effect has been devastating and the cost to the Government is in the neighborhood of \$14 million.

General STONE. It is a very small figure.

Mr. BLANDFORD. We have a provision in the subcommittee print which is certainly extremely modest, but at least it guarantees a per diem of \$1 a day for the man who has gone on temporary duty for more than 30 days.

That may be insufficient, but at least it may be an indication on the part of Congress if accepted that the committee recognizes and the Congress recognizes that these per diem payments are something to which the individual is entitled when he is away on temporary duty.

Would you endorse that portion of the committee print which guarantees at least \$1 a day per diem for these people? These are unit movements. I understand they have also reduced to some extent the per diem payments to individuals on temporary duty orders; is that correct?

General STONE. There are some limitations placed upon it that you must eat in a Government mess if one is available.

Mr. BLANDFORD. You lose 40 percent of your per diem, I believe, if you occupy Government quarters, and you lose 52 percent if you eat in a Government mess, and the other 8 percent is for you, you can have all that is left, 8 percent of the per diem, which is to cover the cost of your laundry and incidentals, and everything else that goes with it when a man goes on temporary duty.

This is the sort of thing the chairman referred to when he said at times we are penny wise and pound foolish. I won't ask you whether you agree it is penny wise and pound foolish, but you certainly agree it has had an adverse effect?

General STONE. I certainly do.

Mr. RIVERS. I am glad I coined that expression.

[Laughter.]

General STONE. I would agree with that.

Mr. BLANDFORD. General, yesterday Admiral Smedberg said reluctantly he agreed because of the situation and the cost of retirement and the fact as Mr. Gorham pointed out, that in 1970 there will be 25 people on the retired list for every 100 people on active duty—he reluctantly went along, with the DOD retirement proposal, and acknowledged that it probably was the only solution to the problem of retirement.

Do you agree with the DOD proposal insofar as retirement section is concerned?

General STONE. Yes, sir; I do.

Mr. BLANDFORD. You do agree with that?

General STONE. Yes, sir.

I see no other feasible way of approaching the problem.

Mr. HARDY. General, you are expressing disagreement even if you have a modification in the pay, as you propose?

General STONE. I don't quite follow your question.

Mr. HARDY. The pay scales that are set up in this bill are relatively small, at least in the higher grades. Actually the cost-of-living increase with respect to retired personnel would be perhaps just as much percentagewise as the pay increase. So that you wouldn't have much difference if you permitted a continuation of the old system of adjusting retired pay to reflect increases in base pay. But now under your proposal, as I understand what you testified to, a year from now you would propose a considerable increase in base pay.

General STONE. Yes.

Mr. HARDY. You are still willing to go along with the 5-percent adjustment or the cost-of-living adjustment in retired pay?

General STONE. Yes, sir; I am.

Mr. HARDY. You know there will be a rather different picture of relationship if you have a substantial increase?

General STONE. I think this will always pertain any time you have a future pay raise, that there is going to be an argument about the point.

Mr. HARDY. I think that is correct. But if we accept that premise now, I have a little difficulty understanding the rationale which goes back to June 1958. I mean, if it is proper to do that, make your adjustment based on the pay increases which were granted at that time, I have a hard time understanding where you say now you shouldn't do it in the future.

General STONE. I think the essential point in 1958 was this was done with no notice, so to speak.

Mr. HARDY. You have a point on that.

General STONE. Yes.

Mr. HARDY. Do you think an amendment of this bill making it mandatory on the Secretary of Defense to reevaluate the military pay every time the civil service receives a pay raise would be a pretty good way to begin it?

General STONE. I would recommend that there be a periodic review. I don't know that it is necessary to tie it to civil service pay raises.

Mr. BLANDFORD. As I understand the law now requires there be an annual review of civil service pay.

Of course, this can be done administratively.

Mr. RIVERS. I am talking about requiring the Secretary of Defense, or whomever is responsible, to make a comparison of the report, to reevaluate or recommend, or something along the lines, making them take official cognizance of what civil service pay is, the discrepancy or disparity at each—

Mr. BLANDFORD. Mr. Rivers, it is built into this bill. It is perfectly obvious if the cost of living goes up for retired personnel, it goes up for the active-duty personnel. Therefore, if they come up with a 5-percent increase in cost of living for the retired, it is true for the active list.

Mr. RIVERS. The reason I say that, I read by the public press last night that the GAO recognizes now by an act of the Congress passed in 1961 that the Government unions can have a checkoff made against the members of the union.

Now, we do, down where I come from, a lot of things now we didn't used to do. I find from my knowledge of the union people we have in South Carolina that they don't work for nothing. When they get this checkoff from all these Government employees, they are going to demand results. They aren't going to be satisfied with a pay increase yesterday. Lots of times they come to me and say, we are for you, but you haven't done anything for me since last week.

Now, whenever they get a pay increase—year after year—somebody has got to look out for the military, unless you favor a checkoff, too. Do you want a checkoff on your salary?

General STONE. We don't want any unions.

Mr. RIVERS. These fellows who are going to get these cost-of-living raises. Somebody has got to look out for the military, and it might be well, Mr. Blandford, that we may put something in this bill to bring this to the attention of those who occupy the ivory chairs, and so forth.

Mr. BLANDFORD. May I respectfully disagree to this extent. I think—

Mr. RIVERS. You can disagree all you want.

Mr. BLANDFORD. Yes. [Laughter.]

Mr. RIVERS. That won't get you anything.

Mr. BLANDFORD. I don't know how far I will get.

I would like to point this out, and this is a personal opinion, and therefore it is worth nothing. But if we put a cost-of-living provision increase in this pay bill for active duty forces, that is all the active duty force will ever get in the future.

Mr. RIVERS. That isn't what I said.

I said we can require a report to Congress—I am thinking out loud—pointing out to Congress, the discrepancy between, as Mr. Bennett has brought forth, the military and the civilians. We don't have that now.

Mr. BLANDFORD. That would be a different proposition. But if we go into the proposition of attempting to adjust military pay scales on the cost of living, then we would be on very dangerous grounds.

Mr. RIVERS. I agree with you. I think there should be a responsibility on somebody in the hierarchy of the military to take cognizance of the things you brought to our attention, and make an official report to the Congress.

Mr. WILSON. On this problem of retirement pay, based on cost of living, you are going to build in the problems in the future that are going to be just as bad as these inequities created in the 1958 act, unless

the active duty pay has some reasonable cost-of-living type approach in the future, because if you start monkeying with the pay scale, as we do in nearly every one of these pay bills, to try to adjust in certain areas, the people who are retired subsequent to that, and get the retired pay based on that different proportionate increase, are going to create the same problem that is being created now.

Mr. RIVERS. I wanted to say this, we face the facts of life here—

Mr. WILSON. You are facing a future fact of life which is almost going to be impossible to live with, too.

Mr. RIVERS. No, that isn't exactly right. In 1958 we broke faith with tradition. Now, we are telling them that we do face this fact of life, at least, Mr. Blandford, they will know what we are going to do when we make this decision. We certainly don't want to jeopardize the system.

Mr. GUBSER. Mr. Chairman, would you straighten me out, though? If you change the tradition, change the policy, we would still, as Mr. Wilson points out, have the practical matter of different retirees drawing different retired pay, isn't that right? There would be discrimination?

Mr. BATES. That is right, it has got to be, after the next pay increase.

Mr. RIVERS. After the next pay increase, yes, when this goes into effect.

Mr. BLANDFORD. You have always adjusted pay—the only time we didn't was in 1952, that was a straight 4-percent increase in basic pay. The House bill was 10 percent of basic pay and 10 percent of allowances, and it came out of conference at 4 percent of basic pay, 14-percent allowances.

Now, this is the problem that the Congress faces on this retirement question. I believe this is what Admiral Smedberg said yesterday, and why I believe you have taken the position that you have taken.

There comes a time when somebody has to make a decision as to what they are going to do with the cost factor that is going to become so staggering when it hits \$3 billion a year, then the meat ax principle goes into effect, and the whole retirement system may be jeopardized.

We may well have to go back to the original Hook recommendation that no one, including enlisted personnel, be allowed to retire until he attains the age of 50, for example, with 20 years of service.

One of the great attractions today for all of the services, particularly for the enlisted personnel, is that a man can serve 20 years, a high school graduate, for example, if he enters the service at the age of 18 or 19, can transfer to the Fleet Reserve, or retire, and draw retirement pay at the age of 38 or 39, and start a new career with a guaranteed income.

These are the things that could well be jeopardized in the years ahead. I am confident this is what was in Mr. McNamara's mind—I won't say in Mr. McNamara's mind, I don't know what is in Mr. McNamara's mind—but it certainly was in the minds of many people when they studied this retirement problem.

We have a serious problem on retirement. There will be discrimination in the future. We would be naive to think we will not make adjustments at various basic pay scales as the conditions warrant. We may find that we have to do more to attract people at the captain-

major level. We may find we are going to have to increase the pay of the Chiefs of Staffs of the services to something commensurate with the responsibility they would have if they were head of a bottling plant, which is what they certainly don't get today.

But these are the factors we have to face in this matter, Mr. Chairman, and there will be discrimination in the future, it can't be avoided.

Mr. WILSON. But, Mr. Blandford, if you are basing the reason for change in the retirement system on the cost in the future, then at some time we are going to have to do violence to the whole concept of retired pay, there is no question of that.

Mr. BLANDFORD. You did violence to it in 1949 to start with when you changed the whole disability retirement system. Actually, this kernel was planted in 1949. It was indicated in 1952. It finally came to fruition in 1958. This is not new, as far as the retirement problem is concerned. It has been coming for a long time.

Now, what we are doing in this bill, what the chairman's position on this matter is, is this: You are guaranteeing a cost-of-living increase so you are therefore guaranteeing the purchasing power of the man who retires.

Mr. RIVERS. When it attains a cumulative 3 percent.

Mr. BLANDFORD. When it goes to 3 percent or more, you adjust his retired pay that way.

The point is, the man who decides to retire and live on his retired income will be guaranteed the same standard of living he had the day he retired. It is just that simple.

Mr. WILSON. The problem is not going to be now, the problem is in the future. You are going to have one problem or the other.

Mr. BLANDFORD. That is true.

Mr. WILSON. I think eventually we have to make a complete study and complete overhaul of the entire retirement system.

Mr. BLANDFORD. This is what is coming, and if we are not careful we are going to force on the services, in my opinion, a very severe restriction on the retirement privilege. Any way you cut the cake, in spite of the "black box" operations we have today, the armed services is still a young man's game, by and large. This is the reason we encourage men to retire at 20 years' service, in many cases. This is the reason that we have compulsory retirement for warrant officers at the end of 30 years' service.

Perhaps the law is going to have to be modified for general officers at a later date. Perhaps the mistake we made in these pay scales is that we don't put the largest increment in for general officers at the 35-year point, for example, to discourage people from retiring at 30, but I would like to repeat for this subcommittee something that people don't seem to quite fully understand. There is no legal right to retire on 20 years of service. There is no legal right to retire on 30 years of service. This comes as a shock to a lot of people.

General Stone has come over his desk requests for retirement upon the completion of 30 years of service. The only right the individual has is the right to submit the request for retirement. The only statutory right to retire is upon the completion of 40 years of service, or at mandatory age points.

Mr. BATES. It has always been that way.

Mr. BLANDFORD. It has always been that way. If you want to control this administratively, the President could simply say, I am not going to have a general officer retire until he is 62 years old, or completed 35 years' service, or until he has completed 40 years of service. These things are coming.

But we have got to face, in my opinion, the facts of life today that the retirement costs are going to be over \$3 billion a year in the near future.

Mr. RIVERS. That is why I say that in 1958 we abruptly and without notice broke tradition. We are trying somewhat to repair it now, and in the future give a cumulative concept. And I think as a fact of life, we have got to recognize that. We certainly don't want to jeopardize the whole thing, somebody coming in and taking it out on people who can't talk about it.

It always happens.

Mr. WILSON. Let me give you one case, on the retirement provision as suggested. If someone is retired and has been retired previous to the enactment date of this bill, and is retiring at a given rate, someone in that same category retires a year from now, does his pay reflect the increase in the rates, the pay we have adopted in this bill?

Mr. BLANDFORD. I think the answer to Mr. Wilson's question is "No."

Let us put it this way: If anybody retires in 1963, under the committee print, they will be able to compute their retirement pay under whatever the pay scales are that go into effect this year.

Now, what you are going to have, you are going to have—and something that I might remind you of is that when you retire effective January 1, 1963, the pay that you got on December 31, 1962, is what controls. You don't get the pay that was in effect January 1, since you don't draw basic pay that day, therefore you were not in receipt of basic pay on the first day, therefore you go back to the pay scales in effect on the 31st. You were retired at midnight.

Now, it is true that even in this pay proposal here, we are increasing some places, say, the pay of a colonel 8 or 9 percent, so that the colonel who retires this year, even though we bring those retired prior to June 1, 1958 up to the 1958 pay scales, will be drawing more retirement pay than a colonel who retired in 1957. But this is true of Members of Congress.

Mr. WILSON. The enactment date will be another day of infamy.

Mr. BLANDFORD. We are trying to help that as much as possible. Whenever you put a proposed effective date in, way off yonder in the future, then you have everybody staying up nights trying to figure out a way how to beat it. That is what they are doing right now.

General STONE. How to stay in.

Mr. BLANDFORD. They are going to stay in. The Army and the Air Force Reserve officer has a built-in system. You don't apply for retirement in the officer grade, you enlist. You are going to have more majors walking around as E-4's, than you can shake a stick at.

Mr. RIVERS. Mr. Gubser.

Mr. GUBSER. General, earlier in your statement you spoke about the present differential between military and civil service pay in comparable areas of responsibility somewhere between 25 and 35 percent.

You indicated that this had grown wider, and that it had been traditionally around a certain percentage. What was that?

General STONE. Referring to these charts again, traditionally it has been somewhere on the order of 10 to 20 percent, depending on the grades involved.

Mr. GUBSER. That 10 to 20 percent has always been accepted, because the military has fringe benefits which the civil service employee does not have.

Maybe it is not possible, but I would like to allocate that 10 to 20 percent, if we could.

Now, 7 percent of it would obviously be retirement, because you do not have a contributory system, and the civil service does. I think the civil service contribution is 7 percent, isn't it?

Mr. BLANDFORD. Yes.

Mr. GUBSER. That takes care of part of it. Where does the rest come from?

General STONE. There are certain income tax deductions that are allowed military that are not allowed civilians. For example, you do not pay income tax on allowances. We have certain commissaries, post exchanges, theaters, officers' clubs, recreational facilities, that are available that aren't available in all cases to a civilian.

The Department of Defense actually made quite a study of these fringe benefits.

Mr. BLANDFORD. Hospitalization being the biggest one.

Mr. GUBSER. What about the privilege of hospitalization and the privilege of hospitalization for your dependents or your wife? Would you say that has been considered rather significant in fringe benefit?

General STONE. For those people who needed it, it certainly is.

You have to get sick to enjoy that fringe benefit, though.

Mr. GUBSER. It has been my experience, and I would like you to check me and see whether or not my experience is typical, but in my contact with active duty military people, and also retired people, I have found that the privilege—in the past it has been almost a practical guarantee—of hospitalization after retirement, has been one of the greatest incentives to maintain a military career, and to accept substandard pay during your working life.

Would you agree with that?

General STONE. I would think this is a very important thing, particularly to a retired person.

Mr. GUBSER. Let us for a moment think of the active duty people. Perhaps the young second lieutenant doesn't think much about hospitalization after he retires, but I would suspect lieutenant colonels, on up, begin to think more of it as their career progresses. Is that correct?

General STONE. I think I could summarize by saying, hospitalization that is afforded military personnel and their dependents, both on active duty and after retirement, is a very significant point in all of their minds.

Mr. GUBSER. Would you go so far as to say, General, that in your personal opinion this might be very close in importance to the retired pay, or second in importance—not close, second?

General STONE. Well, at the moment, as the chairman said, the medical care of dependents of retired personnel is on a purely space-available basis, and it is getting tighter all the time.

Mr. BLANDFORD. Mr. Gubser, may I just say that this subcommittee itself several years ago anticipated this problem. It has been accentuated, as you know, with the construction of new hospitals which are not allowed to take into consideration the retired load, and this subcommittee had a provision in the medicare bill which would have permitted the Secretary of Defense to establish a medicare program for retired personnel and their dependents.

The Senate in its wisdom deleted that section. I think the action of this subcommittee indicates its foresight at the time when we put that provision in the bill which unfortunately did not become law. But the ultimate answer to this problem, as you have indicated, is either going to be to provide more space for retired personnel—and we are heading toward a very substantial number, 50,000 or more a year, going on the retired list—we are either going to have to provide more space or a medicare program, one of the two.

I think Mr. Bennett has introduced a bill on that.

Mr. BENNETT. Yes.

Mr. GUBSER. Is it your understanding, General, that the present policy is that the medical care for retirees and their dependents is gradually going to be faded out of the national policy?

General STONE. The present policy, as I understand it, is, in the construction of new hospitals, this will not be taken into consideration as a criterion for the size of the hospital.

Mr. GUBSER. And as a practical matter, General, as the number of retirees increase, and the present hospitals are phased out and replaced with newer ones, that do not include such beds, the national policy is going to be that there will be no medical care for retirees and their dependents, isn't that right, as a practical matter?

General STONE. As a practical matter it certainly appears it will be sizably reduced, and maybe eliminated.

Mr. GUBSER. In light of what you have said, and I am positive every man and woman in this room will concur in what you said, this is a very important fringe benefit, that it rates way high, insofar as its influence not only upon the morale of the retired personnel, but active duty personnel.

Don't you think this is a rather serious thing, serious national policy we have embarked upon, and don't you think it is having an adverse effect upon the morale of the active duty officers today?

General STONE. Well, it is a hard one to evaluate, unless we make some survey.

I would estimate that the senior officers who are in the—more or less—the eligibility zone for retirement, start to contemplate this, yes. If they see civilian jobs available to them, they would probably tend to go to those.

Mr. GUBSER. Mr. Chairman, I would just like to say here, I think we have pretty clearly established this morning insofar as this traditional 10-20 percent differential is concerned, we have always gotten by with lower military pay because we did offer the privilege of medical care upon retirement.

Mr. RIVERS. That is one of the factors.

Mr. GUBSER. That is one of the factors. I think we established it has been a rather considerable factor. Certainly we don't have facts and figures to back it up, but commonsense and logic show it has been a considerable factor.

I, for one, think it is an absolute crime for us to consider a pay bill and to allow this differential to continue and at the same time allow a national policy to stand without question that we are going to take this privilege away from retired personnel.

If we are going to take it away, if that national policy is going to stand, then I think we ought to up the pay scale in this bill enough to take care of it so they can provide for it through private means and their own investment.

Mr. RIVERS. Of course, we can't take care of it in the pay bill.

Mr. GUBSER. We can, too, Mr. Chairman. We can put enough extra in it so they can go out and buy an old-age medicare plan.

Mr. RIVERS. This wouldn't be the place to do it. We will address it along the lines Mr. Blandford said.

Mr. GUBSER. Yes, here we are, where we are bleeding our hearts about everybody over 62, and here we have people that have given their careers and lives to their country, they have been underpaid the whole time, and we are not going to give them medicare. It is ridiculous.

Mr. WILSON. Mr. Chairman.

Mr. GUBSER. I am through.

Mr. RIVERS. Would you answer his question?

Who is next?

Mr. WILSON. I just have one question.

The general mentioned among fringe benefits that were important, the subject of commissaries. I realize commissaries are taboo. I wonder if any survey has been made recently that would indicate just what commissaries meant to military personnel.

Mr. RIVERS. We cut them down so much it doesn't mean much any more.

Mr. Blandford. The answer is "Yes."

Mr. WILSON. I would like to know the monetary value of it, if possible, to the average family, of a commissary.

General STONE. I think annually a review is made of this whole commissary problem.

Mr. WILSON. I would appreciate, Mr. Chairman, if we could have it on the record.

I would also like to know if your survey showed what members were living in an area where they were entitled to commissary, and what members didn't. It seems to me there is an area there where a lot of them are going to be precluded from taking advantage as they do in other areas, of these fringe benefits, unless they live in a specific area.

General STONE. In general, the Office of Secretary of Defense is required to make this review every year at the direction of the Secretary, I presume.

One of the items involved is whether or not there are commercial facilities in the area that are of equal accessibility and where the prices are reasonable. And if that is true, then a commissary is not authorized in that particular vicinity.

You will find in large metropolitan areas commissaries are not usually authorized.

Mr. RIVERS. Thank you very much.

Have you finished?

Mr. WILSON. Yes.

Mr. RIVERS. Thank you very much, General Stone.

The next witness is Maj. Gen. Alfred Bowser, G-1, Marine Corps. General BOWSER, we would like to hear from this other branch of the service.

General BOWSER, you may proceed. We will be very pleased to hear from you.

STATEMENT OF MAJ. GEN. A. L. BOWSER, ASSISTANT CHIEF OF STAFF, G-1, U.S. MARINE CORPS

General BOWSER. Thank you, Mr. Chairman.

Mr. Chairman, members of the committee, it is vitally important at this time that an equitable compensation rate be established for members of the Armed Forces. This is so, not only for essential assistance in accession and retention of personnel and to compensate for increases in the cost of living, but to establish an adequate base level on which future increases for active and retired personnel can be computed equitably.

Fair and adequate compensation for members of the Armed Forces is essential if the necessary quantity and quality of personnel to man, motivate, move, and fight our modern war machines are to be recruited and retained in the service. Compensation rates must be comparable to those paid elsewhere in our society for similar talents, skills, capabilities, and responsibilities. Otherwise, we cannot compete successfully for the caliber of personnel required to properly staff and man our organizations that are being faced with equipments and situations of ever-increasing complexities.

It is not intended to leave the impression that money is the panacea to the military problem of accession and retention of personnel. Proper compensation is merely one part, but a vitally important part, of those factors which make a career attractive to the individual. The growing demands for highly skilled, motivated military personnel, in an environment where the rewards of civilian society are plentiful cause us to reflect on the current and future status of our personnel and what will best contribute to our ultimate objective. This objective is a complete and attractive career pattern in which the military man enjoys professional prestige, an earned sense of accomplishment, and a living standard equal to his civilian counterparts based on demonstrated ability and exercised responsibility. Our pursuit of this objective will be materially assisted by improved economic status of the serviceman since this status is recognized as a prestige symbol in our society.

The rates of monthly basic pay proposed fall short of raising military compensation to a level comparable to that in other segments of our economy and the Federal Government. Accordingly, the proposed pay schedule is disappointing. It is hoped that further increases will be made by the Congress.

It appears that an inequity exists in the subsistence allowance when rations in kind are not available. This allowance should be determined and regulated administratively on the basis of average daily cost to the member of subsisting himself on a civilian basis and should be the same for all personnel, officers and enlisted. At the present time there is no such allowance for officers. The proposed basic allowance for subsistence for officers in this legislation would correct this situation as the proposed rate is based on the present allowance for enlisted members when rations in kind are not available. However, it is expected that adjustments in this rate will be made in the future and accordingly provision should be made to apply the rate to all personnel.

The loss of sea and foreign duty pay will affect over one-fourth of the marines on active duty. It is believed that an emolument for certain sea and foreign duty should be included in the pay legislation for the benefit of those marines spending tours at sea or on foreign stations such as Okinawa, Vietnam, Thailand, etc. The assumption that remote and isolated pay will apply to only about 60,000 persons would indicate that few deserving sailors and marines aboard ship or on foreign duty can be included in that number.

In the consideration of special pays, the interrelationship of the present reenlistment bonus, proficiency pay, and the proposed incentive payment are such that I would like to discuss them together.

The Marine Corps accepted the proficiency pay but has never fully agreed with this concept. It was accepted because it was unfair to exclude our troops from the system applied throughout the services. We have no proof that it has aided retention, and most marines dislike proficiency pay because they feel it is discriminatory. Most marines would rather see the money allocated to proficiency pay redistributed into a more adequate basic pay scale.

It is my firm belief that proficiency pay should not be continued, but be replaced by the career incentive payment plan. However, as the latter plan is designed to favor technicians almost exclusively, it fails to provide an adequate personnel management tool to afford the selectivity desired in the retention of those troops which are the backbone of the corps. Loyalty, leadership, dedication to duty, and efficiency are essential qualities in the so-called noncritical as well as the critical skills. Career attractiveness should be such that reenlistment selectivity can be applied to all career fields. The training lead-time needed to develop the required leadership and ability in the platoon sergeants of our rifle platoons is greater than that necessary to attain technical excellence in various specialties. Accordingly, it is felt that the present reenlistment bonus should be modified to concentrate payments at the first and second reenlistment points, and that an incentive payment for technician retention should be superimposed thereon.

The Marine Corps has consistently opposed combat pay on the basis that men in uniform are paid to defend their country regardless of existing conditions, and combat pay is difficult, if not impossible, to administer equitably. It is not believed that combat pay should be included in military compensation.

Personnel who are qualified and actively participate in more than one hazardous occupational specialty should be authorized to draw the

incentive pay for those hazards. Specifically, Marine Corps reconnaissance units require some members to be qualified and participate in scuba diving as well as parachute jumping. In the interest of equity, we are pleased to see that the exposure to double hazards will authorize payment of double incentive pay in the current proposed legislation.

There has been much discussion and evaluation of the fringe benefits of the services, but seldom has there been discussion and evaluation of the adverse conditions under which many members of the Armed Forces serve. The international political situation extant since World War II has imposed unprecedented requirements upon our military personnel. Constant alerts, frequent maneuvers and deployments, and extend field and afloat duty, demanded as a matter of routine, have generated a high degree of social instability and severely disrupted family unity. For example, a member who is required, either by service needs or overriding personal considerations, beyond the control of the member himself, to serve overseas without dependents, is incurring financial hardship. Even if we assume that Government quarters and subsistence are provided, or adequate compensation in lieu thereof, there still remains the very real expense resulting from absence of the service member from his family and their residence. There is a need for compensation that will provide the serviceman's family with the means to purchase those services which are normally provided by the man of the house in the way of "do it yourself" repair and labor.

Promotions of enlisted men and officers within the Marine Corps have come to a virtual standstill. This has been caused, we feel, by anticipated increase in rates of retired pay upon passage of the current pay bill. It would be of great assistance in manpower management if an earlier effective date could be realized for this pay bill. Such action in equity should entitle those force outs of June 30 to retired pay under the new bill.

Sir, this concludes my statement. I will be happy to answer any questions the chairman or members of the subcommittee may have.

Mr. RIVERS. As usual, General Bowser, the Marines let you know where they stand, and are not asking for any special favors.

You pretty nearly agreed with us. My lawyer respectfully disagreed with me, like he respectfully disagrees with you on proficiency pay.

Mr. BLANDFORD. I think, Mr. Chairman, in that connection, perhaps—

Mr. WILSON. We will hear from Major Blandford now.

Mr. BATES. Captain. [Laguhter.]

Mr. BLANDFORD. I was a pfc at one time, so I will start off as pfc. Maybe I can work my way up.

Do I understand, General, the reason the Marine Corps is opposed to proficiency pay is the method of implementation? Would I be correct in assuming that if you could provide more proficiency pay, and if you did not have to base it on a skill concept, that you would probably then be in favor of proficiency pay?

In other words, the assignment of proficiency pay to a billet, rather than to the individual, because he possesses a skill?

General BOWSER. I would say in response to that, that it would be more palatable to us, yes. But there still is the point mentioned yes—

terday by Admiral Smedberg in his testimony that this is a difference seen at the pay table on each payday.

Mr. BLANDFORD. Let us analyze that, General, having once been a platoon leader, I had the pleasure of recommending a sergeant for promotion to platoon sergeant. I didn't make friends of the other men when I recommended one man to be a platoon sergeant.

Mr. RIVERS. We have that problem when we nominate postmasters.

Mr. BATES. We don't have that any more. [Laughter.]

Mr. BLANDFORD. The platoon sergeant goes up to the pay table, and he draws additional pay. Now, I presume every staff sergeant who didn't make platoon sergeant is unhappy.

The same thing is true in proficiency pay. Why, for example, in a Marine platoon would you have unhappiness under those junior to be platoon sergeant if every one of those sergeants knew, if he could obtain the grade of platoon sergeant, then by assuming that billet he would qualify for proficiency pay.

What is the difference between that and giving a man proficiency pay because he is a combat leader?

General BOWSER. You still have the differential between the people of that same rank, who are not in that billet and who are not striving for that billet.

Mr. BLANDFORD. That is true, the man striving for platoon sergeant, then he goes from that duty, say, to headquarters, Marine Corps, where they may say that he isn't entitled to proficiency pay. But this is not a new concept, this is true of oversea pay, the man is oversea, draws oversea pay, and when he comes back from overseas, he no longer draws oversea pay.

The idea is that you are attaching proficiency pay to the billet.

I am only suggesting that one of the problems with proficiency pay has been a reluctance to administer it in the way the Congress intended it to be administered. The law is the shortest provision, I believe, in the Pay Act, and yet it could involve an expenditure of millions and millions of dollars, and in our opinion, if it were properly implemented, and given to individuals on a billet basis, it could produce the results that you seek.

Certainly, it is not right to say to a man who is 50 miles behind the lines, that because he is fixing a radar set that he is entitled to more pay than the platoon leader or the platoon sergeant who is in combat. This is the difficulty with proficiency pay, but the law is broad enough to cover this subject. It is not confined to critical skills.

Mr. WILSON. You are getting away from proficiency pay, at least the concept of proficiency pay, to put it on the billet basis?

Mr. BLANDFORD. Not necessarily, because you wouldn't assign the man to the billet if he didn't have the proficiency.

Mr. RIVERS. I don't think Mr. Blandford is going to persuade the Marines.

Can you write it so you can accept it?

General BOWSER. I would like to amplify to this extent, Mr. Chairman. We are on record to the Subcommittee on Appropriations of the House that we have never been able to truly measure proficiency pay for two reasons: (1) The width of its application; (2) the amount. We are in agreement with the statements which have been made by the

other services, as well, that we really felt we couldn't get a measure of it until we had more, both in amount and in application. And I will modify my statement here to that extent.

Mr. HARDY. Be careful you don't differ too much from what you told them.

General BOWSER. I am not, because we told them this annually.

Mr. HARDY. I am not in the least concerned with what you told them, I am trying to get the facts here.

Mr. BLANDFORD. As I understand, General, given leeway you think proficiency pay could become a useful tool even in the Marine Corps?

General BOWSER. I believe it could, but we still would like to see a superimposition of an incentive plan.

Mr. BLANDFORD. What you are really saying is the present reenlistment bonus law should be modified, and you should only have the bonus paid at the first and second reenlistment, and then on top of that, in order to keep the critical skill people happy, then there ought to be an additional incentive payment for those with critical skills. What you are saying is that the corporal has to be encouraged to reenlist, also, and the sergeant, even though he may not be able to take a radar set apart and put it back together again. Nevertheless, he does know how to operate a BAR, and to tell men where to go and how to get there.

General BOWSER. That is right.

Mr. BLANDFORD. So he is doing as much or perhaps more in many ways for his country than the man on the radar set. Then you face the problem, of course, all things being equal, that it is a little easier in the economy, theoretically, to obtain a man who can fire a BAR properly than it is to find a man who can repair a radar set. This gets back to the supply and demand situation. What you are saying is you need a combination of systems, a reenlistment bonus, and then perhaps an implementation, a full implementation of the proficiency pay system to see how it works; is that correct?

General BOWSER. That could be done.

Mr. WILSON. Or a specialist incentive is what you are talking about. You are specific in picking out exactly the skills where you have trouble in reenlisting.

Mr. BLANDFORD. That is right.

Mr. WILSON. Give them a bonus, and then an additional bonus.

Mr. BLANDFORD. The specialist concept is not new, the Army had it for years.

General BOWSER. We did too.

Mr. BLANDFORD. It was possible for an E-2 to walk into the post exchange, and take out his pay check, which would be in excess of that which an E-4 would receive, for example, because he was a specialist. It was just that he didn't have the grade. He couldn't go in the NCO Club, but he had more money than the NCO. This system was finally eliminated because of the concept of pay for responsibility which is supposed to be the concept of the entire pay system. This is an indication, Mr. Chairman, of why writing the pay bill to apply to seven services, all of whom have different problems, is one of the most difficult tasks in the world. It is the easiest thing in the world to criticize, and the hardest thing in the world to produce something that is acceptable to everyone.

Mr. RIVERS. You are absolutely right. Writing the pay bill here is hard, for any service.

Mr. WILSON. What we need is deunification.

Mr. GUBSER. Mr. Chairman, may I ask a question on proficiency pay?

Mr. RIVERS. Yes.

Mr. GUBSER. The proficiency pay award is in accordance with the law written in 1958. Is it to be awarded only in recognition of a special or hard-to-get skill, or is it ever awarded on a basis of outstanding performance in an ordinary skill?

Mr. BLANDFORD. Let me read the law on proficiency pay. An enlisted member of a uniformed service who is entitled to basic pay and designated as being specially proficient in a military skill of the uniformed services concerned may (1) be advanced to an enlisted pay grade that is higher than his basic pay grade at the time of his designation and be entitled to the basic pay and special or incentive pay of that higher grade or (2), in addition to other pay allowances to which he is entitled receive the rate prescribed in the following table for the proficiency rating to which he is assigned.

Now, to go back to the language "as being specially proficient in a military skill," every aspect of the combat arms involves a skill. It is a mistake to consider proficiency pay as being a critical skill. It is not what Congress intended. This was intended as a means of giving special pay to those people who do an above-average job but who are frozen for a variety of reasons from promotion. We even allowed you to advance people in a pay grade. I don't know of a broader provision of law that could involve more money than that one provision.

I know of no law that has been talked about more and about which less has been done.

Mr. GUBSER. Well, wouldn't it be possible under that language for, taking a hypothetical case, for a cook, a mess sergeant, who had done an outstanding job, reduce the cost per man of rations, and wouldn't it be possible for him to get proficiency rating?

Mr. BLANDFORD. Absolutely. Anybody in this room who has been in combat knows that if he had to choose between a good BAR man and a good cook, it would be a hard choice.

Mr. HARDY. It is a lack of implementation of the DOD.

Mr. BLANDFORD. We go back to this every time, Mr. Hardy.

Mr. GUBSER. I was on the subcommittee, at least one member, the thing I had in mind more was performance, rather than necessarily this other.

Mr. BLANDFORD. It is ridiculous, actually, to say it is only for critical skills. I don't know anybody in the armed services other than a kid in boot camp, who doesn't have a skill, and he is developing a skill.

General BOWSER. We do give awards for outstanding effectiveness.

Mr. BLANDFORD. I don't care what kind of terminology you use -- actually you could if you wanted to, if the DOD would let you do it, and they wouldn't -- you could give this to every enlisted man in the Marine Corps; there is no limit to this. You could take a platoon and say every man in a platoon is entitled to proficiency pay.

Mr. HARDY. We would fuss with them, too.

Mr. BLANDFORD. Somebody would fuss with them.

Mr. RIVERS. There has never been any conscious effort to carry out the philosophy of that provision of law. It hasn't been done. It has never been tried to be made to work. Mr. Blandford has characterized it. There has been a lot of talk about it, very little done about it.

General BOWSER. May I say one thing, though, Mr. Chairman, in that respect, that each service will have a slightly varying problem in the implementation in this no matter how the wordage is made.

Mr. HARDY. They suggest there shouldn't be something different than civil service.

General BOWSER. That is quite true, Mr. Hardy.

Mr. BLANDFORD. May I read in that connection, Mr. Chairman:

The Secretary concerned shall determine whether enlisted members of a uniform service under his jurisdiction are to be paid proficiency pay under either subsection (a) (1) or (a) (2) of this section.

Mr. RIVERS. Where are you reading?

Mr. BLANDFORD. I am just indicating this is up to the Secretary of each department.

Mr. HARDY. Yes, subject to the direction, authority, and control of the Secretary of Defense.

Mr. RIVERS. We agree with you that the effectiveness of this should be reappraised. We are glad you agree.

Mr. BLANDFORD. You prefer the committee proposal to the DOD proposal?

General BOWSER. Yes, we do.

Mr. WILSON. The purpose of the proficiency pay is to maintain status. Have you made any study of your troops to see whether having proficiency pay available to them is any great factor in their wanting to make a career of the Marine Corps?

General BOWSER. We made no statistical studies, Mr. Wilson. We have done a lot of questioning through the Inspector General, Commandant's visits and visits to the staff members.

Our general feeling we get from this is that the average marine feels that this is discriminatory; that is, he doesn't like the idea even among those who draw this pay will tell you that they don't like to draw it as opposed to some man that they feel is doing just as good a job in his own field.

Mr. WILSON. In other words, you set them aside in a special cast?

Mr. RIVERS. I think Mr. Blandford put his finger on it, the law says military skills, the DOD says critical skills. I think that is the area where you interpreted what came out of DOD, rather than what came out of Congress.

General BOWSER. One thing we might as well face up to here, too, Mr. Chairman; there is always the limitation that dollars are involved in a thing like this. As I indicated before in my testimony the last couple years to the subcommittee on appropriations, that the application of this with a dollar limitation will always be difficult, and to apply it widely enough to make it effective, I don't know whether we have these kinds of dollars.

Mr. WILSON. If you had your choice, would you have it apply to all services?

General BOWSER. Speaking for the Commandant and myself, I would eliminate it.

Mr. RIVERS. Thank you very much, General.

Mr. STRATTON. Mr. Chairman.

Mr. RIVERS. Mr. Stratton.

Mr. STRATTON. General, your statement states you would make changes in reenlistment-bonus arrangement by emphasizing the payment for the first and second reenlistments. Does that mean that you basically agree that when you get beyond a certain point the built-in factors, the built-in investment in terms of retirement is a more important motivating factor than the bonus, itself?

General BOWSER. Yes, sir; I believe that is correct, Mr. Stratton.

We are talking about roughly 12 years, if you take a reenlistment, the first reenlistment of 4 years, the second reenlistment of 4 years, piled on the original enlistment, we are talking about roughly the 12-year point.

Mr. STRATTON. Basically, you agree with the Secretary of Defense on this broad principle, but you would extend the incentive to the second reenlistment as well as the first?

General BOWSER. I would, indeed, sir. I think the second one is a very important one. Eight years on an 18-year-old average enlistee, he is only 26. He is not too old to go to something else. But if you add 4 more years to that, and make him 30 years old, and 12 years' service, then he has got a real decision facing him.

Mr. STRATTON. General, you also mention—perhaps this was touched on when I was out of the room—an incentive payment for technician retention. This would be an incentive—another kind of reenlistment bonus, is that what you had in mind, for technicians?

General BOWSER. Yes, sir; for technicians.

Mr. STRATTON. When you refer to technicians in the Marine Corps, what are you thinking about primarily?

General BOWSER. Well, we have certain missile repairmen, missile electronic repairmen, aviation ordnance mechanics, aviation mechanics—both jet and prop. I am speaking of those, generally, in that category, the category we are paying 100-percent proficiency pay.

Mr. STRATTON. These people you feel would perhaps be retained more effectively by this device than by the proficiency pay?

General BOWSER. Yes, sir; we do.

Mr. STRATTON. Thank you very much.

Mr. RIVERS. Thank you, General.

General BOWSER. Thank you, Mr. Chairman.

Mr. RIVERS. The next witness is Dr. Diamond, of the Public Health Service.

Dr. Diamond, we are glad to have you here. We will be pleased to hear from you, Dr. Diamond.

You may proceed.

**STATEMENT OF DR. MURRAY A. DIAMOND, ASSISTANT SURGEON
GENERAL**

Dr. DIAMOND. Thank you, sir.

Mr. Chairman, I appreciate this opportunity to testify on H.R. 3006, a bill to amend title 37, United States Code, to increase the rates of basic pay for members of the uniformed services, and for other purposes.

Members of the uniformed services, including commissioned officers of the Public Health Service, have not had an increase in basic pay for almost 5 years, and we join with the other services in urging the Congress to enact pay increase legislation during the current session.

H.R. 3006 represents a forward step in the resolution of the complex pay problems affecting the uniformed services. However, as stated by both the Department of Defense and the President's Advisory Panel on Federal Pay Systems, a continuing study of these complex problems should be undertaken so that the compensation system of the uniformed services can be kept abreast of changes in the national economy.

The commissioned corps of the Public Health Service is composed of approximately 4,500 commissioned officers who are in professional and scientific specialties related to the health fields. Of this number over 50 percent are medical and dental officers. As officers in many of the professional and scientific categories that compose the commissioned corps are in short supply, the Service has its problems in recruiting and retaining qualified personnel in these categories. I am sure that the other uniformed services, as you have heard, are faced with the same problems in the same professional and scientific fields.

One of our major problems during recent years has been the high attrition rate among our younger officers. Despite the fact that many of these officers are serving their obligated service under the Universal Military Training and Service Act, and would undoubtedly leave upon completion of such service regardless of compensation levels, I believe that the pay increases for pay grades O-2 and O-3 will generally assist the service in retaining more of these younger officers for longer periods of service and perhaps for career service. Moreover, it is my opinion that the increases proposed under H.R. 3006 for pay grades O-1 through O-4 are most encouraging and will decidedly assist the Public Health Service in recruiting and retaining the younger officer.

One of the provisions of the bill which we believe will be of further assistance is that relating to constructive credit for basic pay purposes for persons holding postgraduate degrees in those areas specified by the Secretary concerned. This provision will benefit officers in the scientist and sanitary engineering categories which, next to medical and dental, are two of the most critical manpower shortage categories. The basic pay increases that will be authorized on original appointment because of this provision will, I am sure, be a definite recruitment aid.

There are two other provisions of the bill on which I would like to comment briefly. These provisions would authorize for our commissioned officers certain active duty benefits on the same basis that they are authorized for members of the other uniformed services. The first of these involves the uniform allowance. Under section 20(b) of the bill the present uniform allowance authority for commissioned officers of the Public Health Service would be amended to permit the payment of a uniform allowance to any officer, regular or reserve, regardless of grade, who is required by directive of the Surgeon General to wear that uniform.

The second provision, which relates to the Public Health Service, is contained in section 18(d) of the bill. This provision would amend the Public Health Service Act to permit commissioned officers of the Public Health Service to ship a privately owned automobile at Government expense on an overseas assignment. At the present time our commissioned officers are the only group of Federal personnel who do not have this entitlement.

I wish to thank you again, Mr. Chairman, for the opportunity to testify on H.R. 3006. If there are any questions, I will be glad to answer them.

Mr. RIVERS. Thank you very much, Dr. Diamond.

Any questions from any member of the committee?

Mr. BENNETT. No.

Mr. BLANDFORD. I was under the impression, Dr. Diamond, that officers of the Public Health Service, up to the grade of O-3, do get a uniform allowance.

Dr. DIAMOND. That is correct.

Mr. RIVERS. Thank you very much, Doctor.

Now, Mr. Blandford, what about the other two witnesses?

Mr. BLANDFORD. Mr. Chairman, I would like to insert in the record at this time a statement from the American Veterinary Medical Association supporting the principles of the provisions of H.R. 3006, and a statement from the American Legion and a letter from the VFW.

Mr. RIVERS. That may be done.

(The letter and statements from the American Legion, the VFW, and the American Veterinary Medical Association are as follows:)

AMERICAN VETERINARY MEDICAL ASSOCIATION,
Washington, D. C.

Re H.R. 3006, 88th Congress, to Subcommittee No. 1, Committee on Armed Services, House of Representatives of the United States

Mr. Chairman and members of the committee, I am Dr. J. A. McCullam, Washington representative of the American Veterinary Medical Association, and speak for the association regarding H.R. 3006.

In lieu of a formally prepared statement it is requested that the record show the American Veterinary Medical Association supports in principle the provisions of H.R. 3006, the Uniformed Services Pay Act of 1963.

STATEMENT OF WILLIAM C. DOYLE, CHAIRMAN, NATIONAL SECURITY COMMISSION,
THE AMERICAN LEGION, IN SUPPORT OF H.R. 3006

Mr. Chairman and members of the subcommittee, last October in Las Vegas, Nev., the 44th Annual National Convention of the American Legion, upon recommendation of its convention committee on national security, unanimously adopted Resolution 397 supporting a pay increase for members of our Armed Forces.

The American Legion recognizes that the period since World War II is unique in the annals of our history as a nation. Never before has it been necessary, short of all-out war, to maintain such high levels of manpower in our active military forces. Never before have we been faced with the demands for technically trained personnel to man the weapons systems guarding the security of the Nation. These same technicians needed by our Armed Forces are in great demand by civilian industries. Herein lies the problem. The solution obviously is to tailor H.R. 3006 to meet these needs.

A thorough study of the provisions of H.R. 3006 leads our organization to the conclusion that while the bill will go a long way in meeting the problem and fulfilling the objectives sought by the American Legion's Resolution 397, there are certain areas which we believe should be strengthened. For the record, the text of Resolution 509 is presented below in its entirety:

Whereas, the security of the United States depends on poised and ready military power in-being; and

Whereas, our military strength can be measured by the courage, dedication, and training of Americans in uniform at the time of meeting enemy attack, and it is therefore necessary that our military forces be composed of the highest type of citizens; and

Whereas, it is necessary to offer some benefits to offset the many hardships imposed by a military career in order to attract to and hold in the military services our best citizens; and

Whereas, the American Legion has always strongly endorsed and supported the principal of adequate benefits for Armed Forces personnel: Now, therefore, be it

Resolved, by the American Legion in national convention assembled in Las Vegas, Nev., October 9-11, 1962, That we reaffirm our position supporting an increase in pay for our comrades in service, to the extent that compensation received will be more nearly equal to that which could be gained in civilian life in their various specialties and professions; and our support for increased benefits for our Armed Forces in housing, professional services, and in commissary and PX privileges, as an expression of the appreciation of the American people for the dedication of service personnel to the defense of our Nation.

Let me say at the outset that an increase in service benefits is long overdue. No one seriously questions the disparity between certain segments of the military forces compared with civil service or private industry. However, industry does not hold out a 20-year retirement to its skilled workers or its management team.

Industry has long recognized that a trained and skilled worker must be retained if the company is to succeed. While it is not within the immediate purview of this subcommittee, serious study should be given to the matter of retaining both enlisted and officer personnel beyond 20 years. Increased financial incentives will partially bridge the problem, but constantly dangling the 20-year retirement before men about to enter the Armed Forces has a profound effect on service beyond 20 years; a time when the officer and the enlisted man are valuable members of the defense team. Adequate machinery now exists to weed out the incompetents. Is it not equally important to retain the "cream of the crop" in service at least for 30 years by some means other than financial incentive which, of course, must be included in the package.

Earlier in this statement, I spoke of the unprecedented demands for highly trained technicians in the armed services, who are also in demand by industry. These, with few exceptions, are in the enlisted grades, and in my opinion, the increases in benefits make up a package that is woefully inadequate to compete against industry.

I have personally talked to jet mechanics and electronic specialists, skills for which industry is bidding high, and these young men with very few exceptions are leaving the service for industry. To raise their benefits package to competitive levels, we will have to go far beyond the provisions of H.R. 3006. Soft skills are no problem in the Armed Forces, but why continue blanket increases when the crux of the matter lies in keeping skilled manpower in the Armed Forces? Selective pay for the needed skills must be the answer. The savings in the cost of training new men to replace highly trained technicians who leave the service would offset a major portion of realistic pay increases.

Sea pay and hazardous duty pay must be retained. By dropping sea pay as proposed by the Defense Department, a second-class petty officer—even with the increase provided by that proposal—would receive a mere \$9 more a month. That's just about \$2 a week, hardly enough to make staying in service attractive as far as financial considerations are concerned. For chief petty officers with 18 years who would lose sea pay the situation is even more ludicrous. Under the Defense Department's proposed pay bill, without sea pay, the chief petty officer would receive the trifling increase of \$2.50 a month, which figures out to about 60 cents a week.

While we wholeheartedly subscribe to bringing pre-1958 retirees up to the levels of the 1958 Pay Act, we view the proposal to again provide a different method of computing their retirement pay as a serious breach of faith. Secondly, the "cost-of-living" feature further complicates an already complicated pay system. With one notable exception, retired pay has always been directly related to active duty pay. The American Legion saw no need to depart from this formula in 1958 and it sees less justification for it today. I therefore urge your committee to peg retirement pay to active duty pay.

Another matter on which our national commander has publicly expressed his opinion concerns eliminating from the proposed pay increases members of the Reserves serving obligated periods in the Reserve. In his statement National Commander Powers observed, and I quote:

"The American Legion, by action of its national conventions has long advocated a fair and equitable pay system for our men and women in military uniform, whether they are on active duty or whether they serve the country in the Reserve Forces.

"The American Legion is quite happy, of course, that the Department of Defense is proposing to the new Congress a pay raise for our military. It is long overdue.

"However, the American Legion feels it is grossly unjust that the Defense Department wants to use two separate criteria for paying reservists. The leadership at the Defense Department seems to have forgotten that the reservist with a compulsory obligation contributes as much to the military readiness of the country as does the volunteer reservist. We cannot comprehend how they can rationalize paying a volunteer reservist a higher scale during weekly drills and paying compulsory reservists a lower scale. The proposal is not at all equitable and it is unfair to our reservists with obligatory service. Such an action can have only the worst kind of demoralizing effect on these men."

We agree with you, Mr. Chairman, that paying all of the reenlistment bonus at the end of the first tour would have a most serious effect on future reenlistments. We also agree with your opinion that an individual should be permitted to draw two incentive pays. In this connection, we are of the distinct opinion that the dangers of hazardous duty are the same for members of our Armed Forces whether they be officers or enlisted men. Why then should officers receive more hazardous duty pay than enlisted men? Differences in quarters allowances between enlisted and officer personnel appear to deserve special study. For it is not true that an enlisted man with three children has the same obligations to adequately feed and clothe his family, and provide for the creature comforts, as does the commissioned officer?

In conclusion, the American Legion supports H.R. 3006 and offers for consideration changes which we believe will more adequately meet the vexing problems which plague our Armed Forces.

VETERANS OF FOREIGN WARS OF THE UNITED STATES,
Washington, D.C., March 5, 1963.

Hon. L. MENDEL RIVERS,
Chairman, Subcommittee No. 1, House Armed Services Committee, U.S. House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This letter is in response to your kind invitation for the Veterans of Foreign Wars of the United States to apprise the subcommittee of its views with respect to the proposed Armed Forces pay legislation (H.R. 3006), which is now under consideration by your subcommittee.

The views expressed in this letter are based upon resolutions adopted by the delegates to the V.F.W. 1962 National Convention, and reflect the longstanding interest of the V.F.W. in matters pertaining to Armed Forces personnel. Additionally I would like to point out that this statement is submitted on behalf of Mr. Byron B. Gentry, commander in chief of the Veterans of Foreign Wars of the United States, and with his approval.

The V.F.W. comprising a membership of 1,300,000 oversea combat veterans, has throughout its existence, vigorously supported adequate and fair pay scales for military personnel. Because of the broad military experience reflected within its membership, the V.F.W. believes its views in matters pertaining to pay, as well as other conditions of military service, are based upon a background of mature, knowledgeable, and varied military experience.

The following are observations of a general nature as to proposed legislation: A pay increase is long overdue for military personnel. This is demonstrated, the V.F.W. believes, through any authoritative comparison with the trend of pay scales in business and the civilian element of Government. The V.F.W. strongly supports an increase in Armed Forces pay.

There is a basic observation which the V.F.W. considers pertinent to the overall subject of military pay: It is our firm conviction that too much emphasis can be placed upon detailed comparisons between military and civilian—business

or government—pay scales. Such comparisons must of necessity be arbitrary and artificial and hence can be very misleading. There is, the V.F.W. firmly believes, no sound and accurate measure of comparison between military and civilian scales of remuneration. The reason is simple: There is no business or civilian pursuit similar to that of the Armed Forces. Accordingly, there is no measure by which a man can be fully paid in money for assuming the responsibilities and trust upon risks inherent in military service. One cannot devise a pay scale for prolonged separation from family; nor, does the nature of military service admit an 8-hour, 5-day week. The business of national security goes on around the clock. There is no civilian pay scale applicable to crews on the long underwater voyages of a Polaris submarine; for flying the China Coast surveillance patrols; for flying high and low level photographic missions over the Russian military forces in Cuba, or for night flying from the darkened decks of carriers in a pitching sea. Even the risks of peacetime maneuvers and training exercises, routine to the military man, have no counterpart in civilian life. Also, the responsibilities entrusted to noncommissioned and commissioned officers, both in terms of the value of materiel, as well as responsibility for command in combat are not paralleled elsewhere.

As a general observation regarding the pay scales proposed by H.R. 3006, the V.F.W. believes that, while the raises are a step in the right direction, they are not adequate. The V.F.W. is deeply concerned over the manner in which military pay has dropped in relation to corresponding pay for civilian government employees. This situation is unfair to military personnel and it is dangerous to our national security. Never before has the need been greater for attracting and retaining the highest type of military personnel. The military profession should not be so demonstrably downgraded in relation to other lines of endeavor.

Following are specific comments:

Retired pay.—The V.F.W. believes in the continuation of the longstanding principle of basing retired pay upon current active duty pay scales. This is fair and equitable, and it is the system which those in the service have come to expect will be applied to them when retired. However, from the practicable standpoint it must be recognized that the problem involves sharply increasing costs and it would be less than realistic to contend that Congress is not genuinely concerned about this matter. While supporting and urging the continuation of basing retired pay on active duty pay, the V.F.W. additionally recommends that if there is a departure from this system, then a fully fair and adequate alternative be provided.

Pay scales.—The principle of proper pay for responsibility is not adequately reflected in the proposed scales. This becomes increasingly serious in the higher ranks. Remuneration should be secured those in positions of trust and responsibility. This is not only possible from a standpoint of those now in service, but it is necessary to attract able personnel to those positions in the future. It is recommended that the pending bill be rectified in this respect and that the matter of adequate pay for positions of high trust and responsibility be thoroughly considered by the President's Committee on Executive Pay.

Sea pay and oversea pay.—Both sea pay and oversea pay should be continued, should be adequate, and should not be arbitrarily restricted as to rank or recipient. One of the inescapable expenses, from the standpoint of the serviceman, is his added expenses necessitated by separation from his family. As anyone who has served at sea or overseas well knows, there are additional expenses incurred as a direct result of such separate duty. It should be emphasized that these extra expenses are experienced by all military personnel with families, and for that reason such allowances should go to all ranks.

The termination or inadequacy of sea pay allowances would, in the practical effect, mean that the serviceman serving at sea would be paying a financial penalty for performing such vital and indispensable services to our Nation. The same theory applies to oversea pay for those separated from their families.

Pay for reservists.—There should be no discrimination in pay scales between obligated and unobligated reservists. To differentiate between the two in matters of pay would be to violate the principle of equal pay for equal work. Any pay discrimination between obligated and unobligated reservists would result in a lowered morale and other serious personnel difficulties.

Effective date of increase.—There is no sound reason why the pending pay increases should lag substantially behind pay increases for civilian governmental employees. A lag in according a pay increase to military personnel leads to the conclusion that civilian pay increases are, in part, being paid by the servicemen

through continued lower pay scales for the military. Such a situation is unjustifiable from the morale standpoint. The pending pay bill, in the opinion of the V.F.W., should be made retroactive to the effective date of the recent pay increase for civilian employees of the Government.

In conclusion, I take this opportunity to express the V.F.W.'s admiration and appreciation for the long and arduous work which you, your subcommittee, the full committee, and the extremely able staff have so long devoted to matters pertaining to the interests of the personnel of our Armed Forces. The V.F.W. firmly believes that the House Armed Services Committee under the leadership of its chairman, the Honorable Carl Vinson, has been directly responsible for much of the key legislation benefiting our service personnel for many years.

Thanking you again for the opportunity to submit this statement, containing some of the views of the Veterans of Foreign Wars of the United States in the matter now before you, I remain

Very respectfully,

J. D. LITTLE.

Mr. RIVERS. What is next?

Mr. BLANDFORD. I don't know, Mr. Chairman, what your time schedule is.

The Coast Guard and Coast and Geodetic Survey are represented, but have no prepared statements; is that correct, Captain Hicks?

Captain HICKS. Yes.

Mr. BLANDFORD. Come up and kiss the book, if you will, Captain.

Mr. RIVERS. Captain Hicks, have a seat.

Captain HICKS. Mr. Chairman, as I said I don't have a statement, but I would like to express an appreciation for the opportunity to appear here to add our concurrence to the statement of the other witnesses that these pay increases are necessary if we are to recruit and attract the personnel we need to accomplish our mission.

Mr. RIVERS. In other words, you subscribe to the general principle that an increase is needed?

Captain HICKS. Yes, sir.

Mr. RIVERS. You haven't studied the bill?

Captain HICKS. Yes, sir; we have.

Mr. RIVERS. Have you studied our proposal?

Mr. HICKS. No, sir; I have not seen that one. Most of the -- a large part of the bill, most of the controversial items do not pertain to us, because we do not have an enlisted service. We have only commissioned officers.

Mr. BLANDFORD. How many officers do you have?

Captain HICKS. 200 is the authorized strength now.

Mr. HARDY. You are affected by the retirement provision?

Captain HICKS. Yes, sir.

Mr. HARDY. Do you in general subscribe to that approach to the retirement problem?

Captain HICKS. Like Admiral Smedberg, reluctantly, I think the conditions are such we have to.

Mr. RIVERS. Certainly you agree with us, it ought to be brought up just a little bit. You wouldn't object to that?

Captain HICKS. I think that is one of the biggest questions about the thing, why it is so far in the future.

Mr. HARDY. Are there any specific provisions of it with which you disagree?

Captain HICKS. Not specifically; no, sir.

Mr. RIVERS. Thank you.

Mr. HARDY. If you have an opportunity—did you have an opportunity to comment on it before the DOD sent it over here?

Captain HICKS. Yes, sir; we did. We made comments, and some of the comments are included in the bill.

Mr. HARDY. Will you furnish the committee with a copy of those comments?

Captain HICKS. Yes, sir; I will furnish them.

One more thing, those comments were furnished by telephone.

Mr. HARDY. You got a memorandum of what you told them, haven't you?

Captain HICKS. I will have to write one on it.

Mr. HARDY. You mean you don't have any record of what you told them? I could mess you up in good shape, and you couldn't prove I did you wrong.

Captain HICKS. I had it in rough draft. The changes, particularly important to us, there were two items in the bill.

Mr. STRATTON. Why should the Secretary of Defense be able to satisfy the nonmilitary services more effectively than he does the others? You don't have to answer that.

Mr. RIVERS. He just goes along for the ride.

Thank you very much, Captain Hicks.

Captain HICKS. All right, sir. Thank you.

Mr. BLANDFORD. Who was the representative of the Coast Guard?

Mr. RIVERS. Have you got a written statement, Admiral?

Admiral KNUDSEN. No, sir; I do not.

Mr. HARDY. Come on up here and give us one right quick.

Mr. RIVERS. Who do you agree with, us, or the DOD?

Admiral KNUDSEN. Partly with you, sir, and partly with the Department of Defense.

Mr. RIVERS. Give the reporter your name—Rear Admiral Knudsen, chief officer—

Admiral KNUDSEN. Personnel, U.S. Coast Guard.

Mr. HARDY. You are not proscribed by the Secretary of Defense. He must have given you carte blanche to tell us how you felt.

Admiral KNUDSEN. I think we have to say we support the bill. However, I could answer some questions on it here.

Mr. HARDY. You don't want to volunteer anything?

Admiral KNUDSEN. Well, first, I would like to have something added here, if it please the committee.

Mr. RIVERS. Yes.

Admiral KNUDSEN. This is in section 2, on page 2, and footnote 2. That reads—

While serving as a permanent professor at the U.S. Military Academy, the U.S. Air Force Academy, basic pay for this grade is \$1,165 if the officer has over 31 years of service computed under section 205 of this title, and \$1,245 if the officer has over 36 years of that service.

We would like to add, to strike out the "or," after "U.S. Military Academy," and say "U.S. Military Academy, U.S. Air Force Academy, and while serving as a member of the permanent commission teaching staff at the U.S. Coast Guard Academy."

Mr. RIVERS. Put that down, Mr. Blandford.

Mr. BLANDFORD. The reporter has it, I hope.

Mr. HARDY. I think it might be a good idea if you could give us a memorandum.

Mr. RIVERS. Give us a memorandum on that, would you?

Admiral KNUDSEN. Yes, sir.

Mr. BLANDFORD. I might add at this point, Mr. Chairman, this subject, of course, was passed by the House, more than a year ago. There is no indication on the part of the Coast Guard they were interested at that time, and there apparently was no indication of interest on the part of the Coast Guard this time until today, or yesterday, actually, and, in addition to that, the Senate would not consider the bill we passed last Congress, which would provide the special increment for the permanent professors at West Point.

I think before any action is taken----

Mr. RIVERS. We are not taking any action.

Mr. BLANDFORD. No. What I am suggesting, Mr. Chairman, before this is discussed as a legislative proposal, that it ought to be made quite clear as to whether the professors at West Point and the professors at the Coast Guard Academy are in exactly the same situation. I don't know enough about the Coast Guard law to know.

Now, as I understand the professors at West Point, they are selected for these positions, and they thereafter give up all other opportunities for advancement except as they may be promoted up to the maximum grade professor, then they can stay on until age 65, I believe it is, but they never return to the life. Is this the same situation?

Admiral KNUDSEN. This is the same, except for the age 62.

Mr. BLANDFORD. The problems that come up, Admiral, are that there are differences in the system in the Army and the system in the Coast Guard. This is a kind of leap-frogging operation, if you put the Coast Guard in, then somebody else comes along who has a different system and they say we want him, also, but we have a different retirement age. I am merely suggesting if we are going to do this for all the services, the Air Force--the academies--if we are going to have this situation, the law should be the same for all of them as far as permanent appointments are concerned at the academies?

Admiral KNUDSEN. We do have permanent appointments. They are appointing a permanent commissioned teaching staff at the Academy. In other words, we may pull some of our men from civilian life, give them a commission. He is advanced in the various grades to captain.

Mr. BLANDFORD. How do you give him constructive credit?

Admiral KNUDSEN. We do not give him constructive credit, except in some cases where he has a subject or has knowledge of a subject which would especially warrant it. If you mean our authority for--

Mr. BLANDFORD. What I am getting at is this, Admiral: As I understand in the Army, the man has to actually accumulate service. In other words, he is not qualified for this over 31, until he has had 31 years of actual service. Now, if we come in with the Coast Guard, we may discover that you can appoint a man to, say, the grade of commander, and then he has constructive credit, and he may only serve 10 years as a professor, but he would be drawing the same pay as a professor at the Military Academy.

These are the only things I am raising. I don't know the answers to them.

Mr. RIVERS. Mr. Blandford, this is going to involve, going to all of these things, a lot of time. I would suggest the Admiral see you and discuss these things in your office.

Mr. BLANDFORD. All right, sir.

Mr. RIVERS. Maybe we can work out something along the lines of his proposal.

Mr. BLANDFORD. I am not trying to throw cold water on it, Mr. Chairman. I am indicating if we do this, we ought to be sure of what we are doing, that West Point should be under the exact same conditions as everybody else.

Mr. RIVERS. You can talk with Mr. Blandford to see if you can work out something to submit to the committee.

Admiral KNUDSEN. All right, sir.

Mr. RIVERS. Do you have any other observations?

Maybe you would have done well if you had written a statement for us.

Admiral KNUDSEN. I could appear tomorrow.

Mr. RIVERS. What else do you think about the situation? Would you tell us?

Admiral KNUDSEN. Well, we feel that perhaps the pay scale could be changed slightly. In fact, we favor more of a comparability with industry, and also with the civil service.

Mr. RIVERS. You take both of them.

Admiral KNUDSEN. Well, we are losing a number of our technical people to private industry, so we feel it should be related more to both civil service and to private industry.

Mr. RIVERS. This is a problem, we recognize that.

Mr. HARDY. Did you make any comment of that kind to the Department of Defense?

Admiral KNUDSEN. Yes, sir; we did.

Mr. HARDY. Would you provide us with a copy of that letter?

Admiral KNUDSEN. I haven't it today, but I will, sir.

Mr. BLANDFORD. This is an additional in this bill for the Coast Guard for one individual. For the first time the Commandant of the Coast Guard will draw the same pay and allowances as the Commandant of the Marine Corps, Chief of Staff of the Army, and so forth. This constitutes a \$4,000 personal money allowance, and this has been approved by OSD and approved by the Secretary of the Treasury.

Admiral KNUDSEN. Yes, sir.

Mr. BLANDFORD. This question wasn't raised by the Coast and Geodetic Survey, and I suppose it would be probably a little difficult to justify this for the Chief of the Coast and Geodetic Survey with only 200 officers.

What is the size of the Coast Guard, Admiral—total strength, and number of commissioned officers?

Admiral KNUDSEN. We have about 3,010 commissioned officers, about 1,000 warrant officers, and about 27,100 enlisted men.

Mr. BLANDFORD. About 32,000?

Admiral KNUDSEN. Roughly; yes, sir.

Mr. STRATTON. Mr. Chairman.

Admiral, do your personnel get sea pay while they are at sea?

Admiral KNUDSEN. Yes, sir; we do.

Mr. STRATTON. Are you in favor of eliminating that?

Admiral KNUDSEN. No, I think we would like to retain the sea pay. I would like to say, the bill, on the remote and isolated duty, also includes sea pay, but doesn't spell out very well just what sea pay is meant. If this could be elaborated on in the bill, maybe we would be willing to give up the sea pay, and adopt the proposal here in H.R. 3006. But in the absence of that, we prefer to stick to sea pay.

Mr. RIVERS. You better understand it pretty good. You don't want to give up anything.

Mr. STRATTON. What about reenlistment, do you have this problem, too?

Admiral KNUDSEN. We have the same problem as the Navy and all the other armed services, as far as that is concerned.

Mr. STRATTON. Are you in favor of the proposal the Department has offered on that, or would you stick to the original?

Admiral KNUDSEN. The Department seems to have had the retention of critical rates in mind when this was drafted. We also face the same problem.

On the other hand, we have a number of men in other rates, boatswains and mates, for example, who are in charge of numerous small boats, and stations that we have, and are very loyal and dedicated men. We feel that they should also get an increase in some way.

Now, under this proposal they would only get \$500. A critical man would get \$2,400. After all, as Mr. Blandford has pointed out, we do need people who know how to change the tubes, and push the buttons, but we also need other people to run the service.

Mr. STRATTON. Is it true, as far as the Coast Guard is concerned, if a young man comes into the Coast Guard, he is not going in primarily to satisfy a military requirement, he is going in because presumably he is interested in the possibility of making it a career, so that to that extent you have less of a reenlistment problem. Is that true, or doesn't it work out that way?

Admiral KNUDSEN. No; I heard Admiral Smedberg's testimony. Our reenlistment rates are approximately the same as the Navy, for the first reenlistment, and also for subsequent reenlistments.

Mr. STRATTON. Thank you.

Mr. BLANDFORD. Do we have any representative—not representative—may I ask, Admiral—I am ahead of myself. Are you going to process legislation to eliminate the meritorious 10-percent addition in retirement pay for enlisted personnel? I think as long as we are in this subject we ought to indicate that we have jurisdiction over your pay scales, but we have no jurisdiction whatsoever over your retirement provisions, other than disability retirement.

Frankly, I did not know until I read the Comptroller General's decision practically all of your enlisted personnel retired at a substantially higher retirement pay than the counterparts in the other services. Is the legislation being processed to eliminate this.

Admiral KNUDSEN. Legislation has already been written, Mr. Blandford, has been cleared by the Bureau of the Budget, and will shortly be introduced to the Congress.

Mr. BLANDFORD. Thank you.

Mr. RIVERS. Thank you, Admiral.

ADMIRAL KNUDSEN. Yes, sir.

Mr. RIVERS. We will begin tomorrow at 10 o'clock, and will not have an afternoon's session today. I think we will start off with Congressman Baldwin, and then Admiral Denfeld—do you wish to have Admiral Denfeld second?

Mr. BLANDFORD. Yes, sir.

Mr. RIVERS. We will start off with Congressman Baldwin, and we will take you after him, Admiral Denfield. I think we will get to the rest of the witnesses, also.

We will see you gentlemen at 10 o'clock.

(Whereupon, at 12:20 p.m., the subcommittee adjourned.)

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SCIENCES,
SUBCOMMITTEE No. 1,
Washington, D.C., February 28, 1963.

The subcommittee met, pursuant to adjournment, at 10:10 a.m., in room 313-A, Old House Office Building, Hon. L. Mendel Rivers (chairman of the subcommittee), presiding.

Mr. RIVERS. Let the committee come to order.

Mr. BLANDFORD. I would like to insert in the record at this point, Mr. Chairman, if I may, a letter from a career serviceman unsigned, a letter that covers many of the points we are discussing here and covers them very well.

I would also like to insert in the record a statement by the Veterans of Foreign Wars and Maj. Gen. William H. Harrison, Jr., president of the National Guard Association of the United States, on H.R. 3006, and a statement from the National Society of Professional Engineers.

I would also like to insert in the record at this time two statements I requested the Public Health Service to furnish the committee concerning the situation in the Public Health Service, particularly with respect to comparability of the pay of the commissioned officers of the Public Health Service and the pay of their civil service counterparts who are doing practically the same work at rather substantially higher incomes.

(The documents referred to are as follows:)

DEAR CONGRESSMAN RIVERS:

Sir, we in the armed services thank you sincerely for speaking out in such a fine manner on the military pay proposal, as quoted on page A-6 of the Washington Post for Wednesday, February 27, 1963.

I am especially pleased to know that a fellow southerner will not be dictated to by the administration, while in performance of his duty of representing the people of our Nation.

I am sure you and your colleagues will consider carefully such things as:

1. Raising the pay rates to provide a really living wage—not just a pittance.
2. Making the raise effective as soon as possible. Even though the Secretary

of Defense stated that a pay raise for the armed services is "urgently needed," he contradicts himself by setting an effective date of October 1. Believe me, we need the raise now.

3. Finally, a matter which affects many servicemen, all of the services have been "pushing" higher education. So, for the past 6 years I have been going to night school wherever I was stationed. After much work, last June I received a master's degree.

After giving up hundreds of nights with my family, studying weekends, and spending precious money, I find my efforts were almost in vain.

Even though I have a master's degree I receive the same pay as men without even a high school diploma. My promotions come at the same time and rate as theirs. Now, is that an incentive to work toward a higher education?

My two neighbors received their M.A. degrees at the same time as I. One, who worked for a large business firm, received a promotion and a large salary increase. The other one, working for the Department of Commerce, was moved into a position two grades higher, which brought a big raise also.

Me, in the Armed Forces, I am still in the same grade making the same salary I had 4 years ago. I do have a new piece of paper on my wall, but that's all.

Now the Secretary of Defense proposes to credit servicemen who had an advanced degree before they entered the service. That is fine: a good incentive to attract better educated personnel. But, what about those who sacrifice a great deal during their service?

Please, sir, make provisions for these folks who have and are struggling to better educate themselves in order to do a better job for their country.

In closing, we servicemen and our families will be watching the newspapers and waiting for more words from you and your fine committee. Please, sir, do not let us down.

Most respectfully,

A CAREER SERVICEMAN.

STATEMENT BY MAJ. GEN. WILLIAM H. HARRISON, JR., PRESIDENT,
NATIONAL GUARD ASSOCIATION OF THE UNITED STATES

Mr. Chairman and members of the committee, I am pleased to have this opportunity to appear before you in behalf of the National Guard Association of the United States in support of the proposal to increase the rates of basic pay for members of the uniformed services as set forth in H.R. 3006.

Over 4 years have passed since the last adjustment in the rates of basic military pay and in our judgment the upward revision of existing rates is not only economic justice but economic necessity.

What constitutes an equitable increase over the prevailing rates is a matter upon which you gentlemen have received much expert testimony and we shall subscribe to whatever is determined as your best judgment. Suffice it to say, that the steady advance in the cost of living since the last military pay raise has caused a steady erosion of that pay.

There are three specific proposals in the bill to which I should like to invite your attention. They are (1) the proposal to pay the obligated reservist at a lower rate than his counterpart who serves without an obligation; (2) the proposal relating to uniform allowances; and (3) the proposal pertaining to retired pay.

The Defense Department plan to provide for a double standard of pay between the obligated and the unobligated reservist has been termed in some quarters as "grossly unjust." I can think of no more apt description. In a society which takes pride in justice and equality for all and at a time when our national efforts are being directed at the highest levels to providing equity of treatment for all of our citizens we can only characterize this Pentagon proposal as a retrograde step.

We in the National Guard, living part civilian and part military lives, spend a large degree of our time talking the young men of this country into voluntary military service. The attractiveness of military life, even part-time military service is a moot question. Guardsmen, of course, have already decided that service in the National Guard in behalf of State and Nation is loyal and worthy, and the response of hundreds of thousands of such men in times of emergency or war has adequately demonstrated this fact. Members of the National Guard don't sit around and wait for a national emergency or war before signing up to.

serve their country. They volunteer at an early age and perform the drudgery of peacetime training often at great personal sacrifice and hardship, and often under great difficulties in the lack of appropriate arms and equipment, seeking to prepare themselves to defend their country when the need arises.

Over the past number of years, hundreds of thousands of young men of draft age have escaped a single day of military service so that the burden of such service falls upon the relative few who volunteer. The Pentagon would now have us tell these young men who volunteer that they are second-class citizens because the law provides that a volunteer in the National Guard incurs a military obligation. Likewise, the volunteer who enlists in the Active Forces and serves for 2 or more years and those inducted through selective service incur a military obligation. Upon their release from active service, their training and military skills are of great benefit to the National Guard and other Reserve components but, under the Pentagon proposal there would be little or no inducement for them to enlist in the National Guard or participate in an active drilling unit of the Reserves if they were to receive a lesser compensation for their services and be characterized as second-class reservists.

We strongly urge that this inequitable proposal be stricken from H.R. 3001.

Secondly, that part of the bill which provides for revision of uniform allowances fails to correct a glaring injustice which has existed for a number of years and the correction of which the Department of Defense has concurred in most recently in its report to this committee on H.R. 4788 during the life of the 87th Congress. This bill has been reintroduced by the Honorable F. Edward Hébert of Louisiana, as H.R. 2506.

H.R. 3006 proposes certain changes to the matter of uniform allowances with which we do not take issue. The injustice which it fails to correct is as follows:

Section 305(b) of the Career Compensation Act of 1949, as amended, now codified into section 416(a) of title 37, United States Code, authorizes a Reserve officer a \$50 uniform maintenance allowance upon completion of 4 years of service in a Reserve component, if he otherwise meets the requirements of that section.

The Comptroller General of the United States has ruled the phrase "in a Reserve component" means that the 4 years of service must be performed in the same component (32 Comp. Gen. 502, 512, and 514). As a result of this ruling, a Reserve officer is not qualified for the \$50 allowance if his 4 years of service are a combination of service in more than one component of an Armed Force, such as, 3 years in the Army National Guard of the United States and 1 year in the Army Reserve. This ruling applies with equal force to Reserve officers of the Air Force who may serve in both the Air National Guard of the United States and the Air Force Reserve on a consecutive basis.

Title 10, United States Code, sections 3351, 3352, 8351, and 8352, recognizes the desirability of providing ease of movement of Reserve officers between the Army Reserve and the Army National Guard of the United States and between the Air Force Reserve and the Air National Guard of the United States. Such provisions are desirable because of occasions in which changes in civilian occupation require Reserve officers to move to new locations where conditions may not permit continued assignment to an Army National Guard unit in the case of an Army National Guard of the United States officer, or to an Army Reserve unit in the case of an Army Reserve officer. However, upon arrival at the new location, many Army Reserve officers have secured appointments in the Army National Guard, and continued their Reserve service in the Army National Guard of the United States, and conversely, many Army National Guard of the United States officers, upon discharge from the Army National Guard, have become members of actively participating Army Reserve units. In spite of the fact that the uniform of both components is identical and in both cases the members are Reserve officers of the Army, they may not combine their service because of the aforementioned ruling by the Comptroller General of the United States.

Accordingly, we recommend that subsection (a) of section 416 of title 37, United States Code, be amended by striking out the words, "in a Reserve component" where they appear in that subsection and substituting in lieu thereof the words "in one or more Reserve components."

However, Mr. Chairman, if it is determined by this committee that the subject of uniform allowances is more properly a part of a separate legislative proposal we would certainly acquiesce in such determination and defer our foregoing requested amendment to the time when such proposals may come before the Armed Service Committee.

Finally, we turn to the controversial matter of retired pay.

Much has been said and written subsequent to the enactment of the Military Pay Act of 1958, regarding the pros and cons of the retention of the time-honored custom of recomputing retired pay on the basis of periodic increases in active duty pay rates.

The National Guard Association of the United States has consistently espoused the principle of recomputation and continues to do so. In our judgment, any other proposal destroys a principal, and one of the few remaining, benefits available to those who are willing to don a military uniform on a long-term career basis. Ever since World War II, there has been continual attack on what have been termed fringe benefits enjoyed by the military. It is a known fact that compensation for the services performed and the hazards incurred by members of the uniformed forces cannot be equated equitably with those available in business or industry, nor even with those granted to civilians employed by the U.S. Government. Admitted failure in this attempt at equitable adjustment makes it even more mandatory that the secondary reward of recomputation be retained as an added incentive to our military men and women.

Nonetheless, Mr. Chairman, we are cognizant of the significance of the remarks made in your opening statement relating to this subject, and we are of the opinion that if the Congress determines once and for all to sever this link between active duty pay and retired pay, military personnel should be forewarned of this definite policy. The major pay increases made in the 1958 military pay bill accrued to those in the higher pay grades, whereas the present bill favors those in the lower grades. Those retired prior to 1958 would now receive retired pay based on the pay scales of the 1958 act plus a cost of living increase. It would appear for more fair and equitable to us to provide that those retired prior to the effective date of this new pay act base their retired pay on the pay scales of the new act and thereafter, these individuals would receive only cost-of-living increases. This would put all those presently retired on an equal basis in that each individual retired would then be aware that he would thereafter receive only the cost of living increases.

We have appreciated the opportunity extended to us to present our views on H.R. 3006. Thank you.

NATIONAL SOCIETY OF PROFESSIONAL ENGINEERS,
Washington, D.C., February 28, 1963.

Hon. J. MENDEL RIVERS,
Chairman, House Armed Services Subcommittee No. 1, U.S. House of Representatives, Washington 25, D.C.

DEAR MR. RIVERS: As an organization representing many engineering officers in the uniformed services, the National Society of Professional Engineers would like to present for your consideration certain comments relative to the military compensation proposals currently before your subcommittee. It is respectfully requested that these views be made a part of the record of the current hearings.

The national society is a nonprofit membership organization composed of registered professional engineers in virtually every specialized branch of engineering practice and type of employment, including the military services. All of the society's approximately 60,000 members are licensed under applicable State engineering registration laws, and are affiliated through 53 State and territorial societies and about 450 local community chapters. Through a special task force of our professional engineers in government section, the society has for a number of years devoted attention to the problems and factors involving recruitment, retention, and utilization of engineers in the uniformed services. This task force has worked closely with key leaders in the commissioned engineering components of all services with the objective of achieving high quality engineering for Government projects. These activities have covered a wide range of subjects, including the need for improvement in professional development, environment, and compensation.

Studies and observations made by our task force have clearly demonstrated that present military compensation is not competitive with other opportunities available to engineers, and that this imbalance contributes substantially to the serious loss rate of engineering manpower in the military services. This problem is particularly acute among the younger engineering officers. The high loss

rate among engineering officers completing their obligated service, in many cases exceeding 85 percent, is costly, inefficient, and destructive of the manpower base needed for the future development of vital professional and executive leadership.

In testimony before your subcommittee, the Department of Defense has graphically portrayed the problems faced by the services as a result of the low retention rate among all categories of officers completing their obligated service. It has also indicated that this low retention rate may be largely attributed to the difference between military and civilian compensation available to this group. This retention problem is even greater among engineering officers because of the proportionately higher salaries paid by industry for qualified graduates in this field. As an example, starting salaries reported by the college placement council for recent nontechnical graduates averaged \$493 per month, while those for graduates in engineering, physical science, and mathematics averaged \$592 per month, a difference of almost \$100 per month. This approximate dollar difference continues to exist for from 5 to 10 years following graduation. Thus, in the case of engineering and scientific personnel, the military service is at its greatest competitive disadvantage during that period when its younger officers do not have enough time invested to consider themselves committed to a military career.

It is evident to the national society that upward adjustments in basic military pay allowances for all commissioned officers, as presently being considered by your subcommittee, are easily justifiable in view of increased salary scales generally and higher costs of living. It is our belief, however, that the greatly increased need of the uniformed services for highly qualified professional and scientific officer manpower, together with the steadily rising salaries which this group may command in the civilian economy, point to the need for additional compensation factors specifically attuned to the recruitment and retention of trained, specialized personnel. In presenting this view, we wish to note that similar expressions have emanated from other groups concerned with this matter—the Scientific Manpower Commission, the Folsom committee, which studied the personnel problems of the Public Health Service, and the Advisory Panel on Federal Pay Systems, which presented recommendation to the executive branch relative to the legislative proposal currently before your subcommittee.

We would like, therefore, to present two specific proposals for the consideration of your subcommittee which we feel would greatly increase the ability of the uniformed services to recruit and retain adequate numbers of trained professional personnel.

1. Constructive credit for purposes of appointment, promotion, and basic pay

Recommendation.—The principle established by section 4 of H.R. 3006, to authorize up to 3 years of constructive credit to officers holding postgraduate degrees in designated fields, should be retained.

Explanation.—As the technological programs and activities of the uniformed services become more complex and sophisticated, the need for engineering and scientific manpower becomes more important in terms of quality, as well as quantity. Except in the fields of medicine, dentistry, law, the ministry, and veterinary medicine, there is no provision in current law to recognize the shortage and need for individuals possessing postgraduate degrees in vital scientific and engineering specialties. We note, in contrast, that provisions covering Federal civilian salaries do recognize this problem, and that the Civil Service Commission has acted to provide higher starting salaries for engineers holding postgraduate degrees. We believe that the provision proposed in H.R. 3006 would put the uniformed services in a better position to attract and retain the more highly trained and qualified personnel that they require. In addition, if broadened to cover officers now on active duty, it would act as a stimulus to promote further professional development among those already committed to a career in the uniformed services.

2. Incentive pay for engineers and scientists

Recommendation.—Officers in engineering, scientific, and other scarce categories of personnel. The expanding requirements for engineers and other scientists on the following scale: \$100 per month during the first 2 years of service, \$150 per month after 2 years, \$200 per month after 6 years, and \$250 per month after 10 years.

Explanation.—This recommendation is directed at the problem of attracting scarce categories of trained personnel. Experience in the military services has demonstrated that the extra compensation provided for doctors and dentists has resulted in the retention of substantially higher proportions of these categories of personnel. The expanding requirements for engineers and other scientific personnel in the services clearly justify the extension of the incentive pay principle to these and other scarce disciplines. Comparisons of uniform service compensation scales with industrial scales indicates that such incentives would go far toward making military salaries reasonably competitive.

We appreciate the opportunity to submit comments to your committee on behalf of the professional engineers in the uniformed services, and hope that these views will receive your serious consideration.

Very truly yours,

PAUL H. ROBBINS,
Executive Director.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
Washington, December 11, 1962.

HON. ROBERT S. McNAMARA,
Secretary of Defense,
Washington, D.C.

DEAR MR. SECRETARY: I thought I should bring to your attention my serious concern over the recommendations of the Department of Defense relative to the compensation of members of the uniformed services, one of which is the Commissioned Corps of the Public Health Service.

I have written to the Chairman of the President's Advisory Panel on Federal Pay Systems about this matter, and enclosed a copy for your information.

The needs of the Public Health Service, as well as the other uniformed services, for scientific, medical, and professional personnel will be difficult to meet under the schedules currently recommended. We believe that a pay structure which takes greater account of the comparability principle, recently recognized in the Federal Salary Reform Act for civil service personnel, is both feasible and necessary to correct the inadequacies of the present proposals, particularly for the pay grades 0-5 and above.

For this reason, my enclosed letter to Mr. Randall urges that the comparability principle be given serious consideration by his Panel in its review of the current pay proposals, with a view to developing a salary structure more in line with this principle.

Sincerely,

ANTHONY J. CELEBREZZE, *Secretary.*

THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE,
Washington, November 31, 1962.

HON. CLARENCE RANDALL,
Chairman, President's Advisory Panel on Federal Pay Systems, Washington, D.C.

DEAR MR. RANDALL: On November 15, 1962, the Secretary of Defense sent you the recommendations of the Department of Defense concerning the compensation of members of the uniformed services, one of which is the Commissioned Corps of the Public Health Service.

The Commissioned Corps of the Public Health Service is composed of approximately 4,500 officers in pay grades 0-1 through 0-8, most of whom are in professional and scientific categories which are in short supply. The recruitment and retention of these officers has become increasingly difficult in the past few years due largely to the inadequacy of the existing pay structure.

The structure proposed by the Department of Defense is inadequate, particularly for the pay grades 0-5 and above, to recruit and hold health related personnel needed to fulfill effectively the mission of the Public Health Service. The principal reason for this deficiency is the apparent abandonment in the higher levels of the principle of comparability with industry.

As the President stated in his message of February 20, 1962, to the Congress, when transmitting the Federal Salary Reform Act:

"Yet these are the very levels (upper levels) in the career service in which our need for quality is most acute—in which keen judgment, experience, and competence are at a premium. It is here that we face our most difficult personnel problems. It is at these grades that we employ our top scientists, doctors, engineers, experts and managers. * * * As a practical matter, the full principle of comparability cannot be applied to the higher salary levels of Government; but I consider adequate adjustment in our top executive and professional positions to be the most vital single element of correction in this entire proposal."

In a letter of October 30 to Assistant Secretary of Defense Norman S. Paul, commenting on the pay tables then being considered, the Surgeon General of the Public Health Service noted the inconsistency between the rates proposed for grades O-5 and up this principle of comparability, and urged that those rates be increased substantially. Unfortunately, only one minor change was made, and the proposals now before you reflect the same disregard of the comparability principle.

I strongly support the position previously expressed by the Surgeon General. I am unaware of any reason for determining that this principle, recently incorporated as an underlying tenet of the Federal Salary Reform Act, is inapplicable to the compensation schedules for members of the uniformed services. I urge that the President's Advisory Panel on Federal Pay Systems give serious consideration to a salary structure more in line with the comparability principle. Only if this is done will the uniformed services be able to meet adequately their needs for scarce manpower in the health and related fields.

Sincerely,

ANTHONY J. CELEBREZZE, *Secretary.*

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
Washington, D.C., October 30, 1962.

Hon. NORMAN S. PAUL,
Assistant Secretary of Defense (Manpower),
Washington, D.C.

DEAR MR. PAUL: Thank you for the opportunity to review and comment on the proposed basic pay tables and other proposals transmitted by your letter of October 16, 1962, and Mr. Gorham's letter of October 25, 1962.

In sending to the Congress a salary increase bill on February 20, 1962, the President stated (H. Doc. No. 134):

"Accordingly, the salaries for services they (Federal officers and employees) perform should be fixed under well-understood and objective standards, high enough to attract and retain competent personnel, sufficiently flexible to motivate initiative and industry, and comparable with the salaries received by their counterparts in private life. To pay more than this is to be unfair to the taxpayer—to pay less is to degrade the public service and endanger our national security."

* * * * *

"Yet these are the very levels (upper levels) in the career service in which our need for quality is most acute—in which keen judgment, experience, and competence are at a premium. It is here that we face our most difficult personnel problems. It is at these grades that we employ our top scientists, doctors, engineers, experts and managers. * * * As a practical matter, the full principle of comparability cannot be applied to the higher salary levels of Government; but I consider adequate adjustment in our top executive and professional positions to be the most vital single element of correction in this entire proposal."

I have quoted from the President's message at length because I believe that he has forcefully and succinctly expressed the position of the Public Health Service with respect to the proposed pay increases in pay grades O-5 and above. Certainly, we are entirely in accord with the pay increases proposed for the lower grades and believe that such increases will greatly assist the service in retaining younger officers for career service, but we fail to understand the reason for proposing inadequate increases in the higher grades. The rates proposed for these grades are, in our opinion, absolutely inconsistent with the position of the President.

It has been suggested that the proposed small increases in pay grades O-5 and O-6 may have a relationship to the value of fringe benefits. I have dismissed this suggestion for the following reasons:

1. The fringe benefits system of the uniformed services is geared to the operational needs of such services and should not constitute a primary consideration in establishing pay levels.

2. As the value of such benefits was obviously not considered in establishing the lower grade pay levels, we feel it should not have been used in establishing upper grade pay levels.

The man who is selected for promotion to pay grades O-5 and O-6 is either reaching or has reached that period in his life where both his family expenses and his job responsibilities are reaching a maximum. Both such aspects should be recognized by adequate compensation (i) to reward the man for his long years of career service and his advanced administrative and/or command responsibilities and (ii) to permit the man to meet reasonable family obligations without undue sacrifices on his part. The proposed increases in these grades will not alleviate either situation.

On page 12 of the material transmitted by your letter of October 16, it is stated: "However, all the services report a uniform lack of success in retaining engineers, research and development specialists, medical officers and other specialists most highly sought by the civilian economy."

I am sure that the Pay Study Group must have obtained current information on the incomes of professional and scientific personnel outside the Government. I need only say here that the proposed upper grade pay levels fall short of such incomes. Such pay levels are not even competitive with the pay levels provided for similar grades under the recently enacted Federal Salary Reform Act. Although we are fully aware of the fact that in certain secret categories of personnel, Federal salary levels can never hope to equal income levels from non-governmental sources, it is difficult to believe that the uniformed services will permit themselves to be outclassed by other Federal pay systems.

We strongly urge that the Pay Study Group and the Department of Defense substantially increase the proposed basic pay levels of pay grades O-5 and above.

We have no objections to or comments to present on the other proposals transmitted by you and Mr. Gorham, except those which we presented to Mr. Gorham by letter of October 11, 1962.

Sincerely yours,

LUTHER L. TERRY, *Surgeon General*.

COMPARABILITY OF COMMISSIONED OFFICER PAY GRADES O-5 and O-6 IN H.R. 3006 TO APPROPRIATE CIVIL SERVICE PAY GRADES

The last year in which both civil service and commissioned pay rates were adjusted was 1958. Therefore, I am using the relationship that existed between the civil service and commissioned pay rates in 1958 as a basis for evaluating the commissioned officer pay rates proposed under H.R. 3006. In studying these relationships, it was found that a major problem worthy of immediate consideration was the deterioration of pay comparability of grades O-5 and O-6 to civil service grades GS-12, GS-13, GS-14, and GS-15. In this discussion, I am turning my attention to these particular comparisons.

Charts have been prepared to demonstrate the relevant relationships between civil service and commissioned officer pay rates at appropriate grades. The range of pay used for each grade is the minimum and maximum pay of that grade. The commissioned officer pay rates include basic pay, basic allowance for quarters and basic allowance for subsistence. The charts also show for the commissioned pay grades the pay which would be received by an officer entering each grade under the most favorable circumstances. As service for purposes of within-grade increases is cumulative over an officer's entire career, an officer normally enters all grades but pay grades O-1 and O-2 at some step above the minimum pay of the grade.

In these charts 6½ percent has been deducted from civil service pay in order to take into account the fact that this is a retirement deduction which is made for civil service employees, but not for commissioned personnel. Since commissioned personnel do not pay Federal and State taxes on subsistence and quarters allowances, this tax saving has been added to the commissioned pay rates. The pay rates have thus been adjusted for the major cash differentials which affect civil service and commissioned pay.

In charts 1 and 2, the upper halves show the relationship existing in 1958 between the commissioned pay at the O-5 (chart 1) and O-6 (chart 2) grades and the civil service pay at the GS-12 through GS-14 grades (chart 1) and at the GS-13 through GS-15 grades (chart 2). The relationships of the commissioned O-5 and O-6 pay under H.R. 3006 to the civil service GS-12 through GS-15 pay effective January 1, 1964, are shown on the lower halves of charts 1 and 2. In addition, the commissioned pay rates necessary to maintain the same relationship of the commissioned O-5 and O-6 pay proposed in H.R. 3006 to the civil service pay effective January 1, 1964, are depicted in the lower halves of charts 1 and 2.

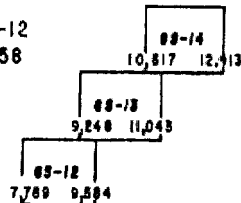
A comparison of the O-5 and O-6 pay as proposed in H.R. 3006 with the pay necessary to maintain the same relative comparability as was present in the 1958 civil service and commissioned pay schedules yields the amounts shown in table 1. Included in the table are minimum and maximum pay, and the pay of an officer entering the grade under the most favorable circumstance.

TABLE 1

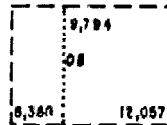
	Minimum	Most favorable entry	Maximum
O-5 pay:			
H.R. 3006.....	\$9,795	\$11,387	\$14,033
Necessary for comparability.....	10,042	11,612	15,630
O-6 pay:			
H.R. 3006.....	11,452	14,913	16,869
Necessary for comparability.....	11,646	15,815	19,251

CHART 1

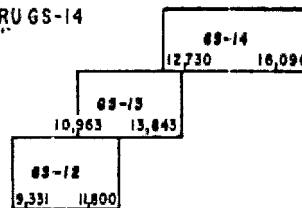
CIVIL SERVICE PAY RATES FOR GS-12
THRU GS-14 EFFECTIVE JAN.12,1958
UNDER PL 85-462*



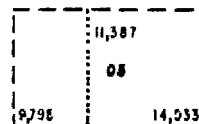
PAY RATES FOR COMMISSIONED
PAY GRADE O5 EFFECTIVE JUNE 1,1958
UNDER PL 85-422*



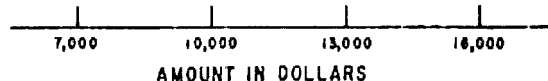
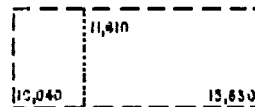
CIVIL SERVICE PAY RATES FOR GS-12-THRU GS-14
EFFECTIVE JAN.5,1964 UNDER P.L. 87-793**



PAY RATES FOR COMMISSIONED PAY GRADE
O5 UNDER H.R. 3006*



PAY RATES FOR COMMISSIONED GRADE O5
NECESSARY TO MAINTAIN THE SAME
COMPARABILITY WITH CIVIL SERVICE PAY
RATES AS EXISTED IN 1956

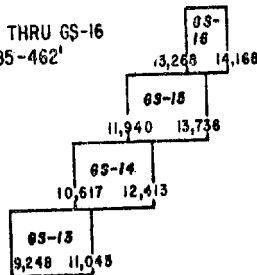


* Adjusted for tax saving
* Adjusted for retirement

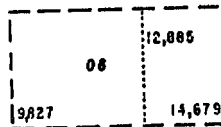
Dotted line shows the minimum compensation
which would be received by an officer
entering the grade under the most
favorable circumstances

CHART 2

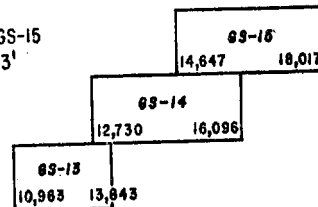
CIVIL SERVICE PAY RATES FOR GS-13 THRU GS-16
EFFECTIVE JAN. 12, 1958 UNDER P.L. 85-462¹



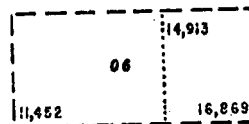
PAY RATES FOR COMMISSIONED PAY
GRADE O-6 EFFECTIVE JUNE 1, 1958
UNDER P.L. 85-422*



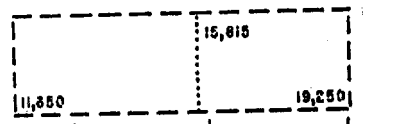
CIVIL SERVICE PAY RATES FOR GS-13 THRU GS-15
EFFECTIVE JAN. 5, 1964 UNDER P.L. 87-793¹



PAY RATES FOR COMMISSIONED PAY
GRADE O-6 UNDER H.R. 3666*



PAY RATES FOR COMMISSIONED GRADE O-6
NECESSARY TO MAINTAIN THE SAME
COMPARABILITY WITH CIVIL SERVICE PAY
RATES AS EXISTED IN 1958



7,000 10,000 13,000 16,000 19,000

AMOUNT IN DOLLARS

*Adjusted for tax saving

¹Adjusted for retirement

Dotted line shows the minimum
compensation which would be
received by an officer entering
the grade under the most
favorable circumstances

Mr. RIVERS. Does that take the place of Dr. Hagan?

Mr. BLANDFORD. No, sir; they testify at a later time.

Mr. RIVERS. You don't have General Harrison's name on here, do you?

Mr. BLANDFORD. No, sir; because his statement is now in the record.

Mr. RIVERS. The committee this morning will be pleased to hear from our distinguished colleague, Congressman John Baldwin of California.

Mr. Baldwin, we will be happy to hear from you at this time.

**STATEMENT OF HON. JOHN BALDWIN, CONGRESSMAN FROM THE
STATE OF CALIFORNIA**

Mr. BALDWIN. Thank you, Mr. Chairman. I would like to devote my testimony this morning to that section of H.R. 3006 which deals with the retired pay and retainer pay of members or former members of the uniformed services. The section covering this matter is section 5 of the bill, which begins on page 11 and ends on page 16.

Section 5 as it is now worded provides that members of the armed services who, before June 1, 1958, were entitled to retired pay or retainer pay under the rates of basic pay that were in effect under the Career Compensation Act of 1949, are entitled to have that pay recomputed under the rates of basic pay that were in effect on the day before the effective date of the bill which you now have under consideration.

As I understand this provision, this would adopt the principle of equalization of retired pay up to the present time. However, the bill bars the use of this principle insofar as the active duty pay increases granted by this bill are concerned.

Those now retired would not receive their historic upward adjustments computed as a percentage of the new active duty pay rates. The bill simply contains a provision (sec. 5(e)) which states that future adjustments in retired pay or retainer pay will be determined by changes in the cost of living.

This, therefore, means that the principle of equalization of retired pay of military personnel will be dropped effective with the date upon which this bill is passed. I do not think this change in basic principle should be adopted but rather I would like to recommend that this committee revise section 5 of H.R. 3006 to state clearly that the principle of equalization of retired pay of military personnel will apply not only with the pay increases in the present bill but will continue as the principle to be applied in the future when subsequent laws are enacted to increase the pay of military personnel on active duty.

It seems to me that a fundamental principle is at issue in connection with this whole matter. The traditional basis upon which retired pay of retired military personnel has been computed has been on the basis that it should be a percentage of active duty pay of military personnel currently serving in the Armed Forces.

Military personnel now retired or those contemplating retirement understood this principle would continue in effect in the future as it has been in the past. For Congress to change this basic principle would be to cause not only the present retired personnel but personnel now on active duty and others contemplating going on active duty to

feel we have not given any consideration to maintaining the historic relationship between retired pay and active-duty pay. I feel that such a basic change will adversely affect future reenlistments and the future desirability of service in the Armed Forces of our country.

President Kennedy in 1960, took a clear-cut position upon this issue and stated he intended to support, when elected President, the equalization of retired pay on the basis of the historic percentage relationship to active-duty pay. This committee unanimously recognized this principle in 1960, when this committee approved unanimously H.R. 11318, a bill authored by Congressman Kilday of Texas, to restore this equalization principle.

The bill then passed the House of Representatives in that year unanimously and went to the Senate. However, it was not acted upon by that body.

I have introduced a bill, H.R. 1022, which contains the exact language of the bill which was enacted by the House and by this committee in 1960. I should like to recommend that you revise section 5 of the attached bill along the lines of my bill, H.R. 1022, to restore the basic principle of equalization of retired pay in accordance with the rates of active-duty pay. This is the only way that justice can be given to those now retired from the military service and to those who will be retiring in the future.

I might say that the principles contained in my bill, H.R. 1022, were supported by the Defense Department both in 1960 and 1961, as the Defense Department in both years submitted favorable reports on this legislation.

The Defense Department has now changed its position but I think its original position was the proper position and the only fair and equitable position to take.

I hope very much, therefore, that this committee will revise section 5 of H.R. 3006 to give recognition to the principle of equalization of retired pay as a percentage of active-duty pay for both all personnel presently retired and for personnel who may retire in the future.

Mr. RIVERS. Thank you very much, Mr. Baldwin.

Mr. Bates, do you have any questions?

Mr. BATES. Mr. Chairman, the gentleman from California has made an excellent statement as he always does. I would like to ask one question.

What would you suggest for the situation we had a year ago, where we increased the allowances but not the basic pay?

Mr. BALDWIN. I would handle it in the same way it has historically been handled in the past.

My understanding of the past relationship was there was a percentage relationship between pay and retired pay, and I think that principally is the one that should be followed.

Mr. BATES. But if we increase merely the allowances, and not the base pay, upon which it is predicated, under those circumstances that would mean people on the retired list at that particular time would receive no increase at all?

Mr. BALDWIN. That is correct, but they haven't done so in the past, those that were retired. So that would not change the historic relationship.

Mr. BATES. They wouldn't get the increase?

Mr. BALDWIN. That is true.

Mr. BATES. I don't know why the Defense Department has changed its position. I remember we had that situation, if you will recall, of equalization of pay between Boston and Portsmouth, which the President supported when he represented Massachusetts. He doesn't advocate that now?

Mr. BALDWIN. That is my understanding.

Mr. HARDY. The gentleman from Massachusetts, Mr. Bates, has been recommending that a long time.

Mr. BATES. That is right.

Mr. RIVERS. Mr. Hardy.

Mr. HARDY. I am sorry I missed the opening of our colleague's presentation.

Mr. HUDDLESTON. No questions, Mr. Chairman.

Mr. RIVERS. Mr. Blandford?

Mr. BLANDFORD. No, sir, no questions.

Mr. RIVERS. Thank you very much, Mr. Baldwin.

I might say as usual the gentleman from California takes a strong stand on behalf of those on active duty and those who retire. I want to congratulate you on a very concise and, as usual, strong and unequivocal statement for those whom you seek to help on any subject matter where it involves the taking of a stand.

He is always vigorous. He is always unequivocal, and this has been an excellent statement. I want to thank you very much.

Mr. BALDWIN. Thank you, Mr. Rivers.

Mr. RIVERS. The next witness now is Admiral Denfeld.

Have a seat, Admiral.

Admiral DENFELD. Thank you, Mr. Chairman.

**STATEMENT OF ADM. LOUIS E. DENFELD, U.S. NAVY, RETIRED,
RETIRED OFFICERS ASSOCIATION**

Mr. RIVERS. Admiral Denfeld represents Retired Officers Association.

I might say, members of the committee, that we have the distinct pleasure of hearing from an old friend of this committee, a former Chief of Naval Operations, who has been such a stalwart defender of the rights of both active and retired officers and enlisted men, in the Navy Department.

I don't think the admiral has been before our committee since the B-36 hearings.

Admiral DENFELD. 1949.

Mr. RIVERS. The B-36 incident.

I think things are a little different now, Admiral.

Admiral DENFELD. That is right.

Mr. RIVERS. We are very happy to have you, and to see you looking so well. Now, you may testify any way you want to.

Mr. BATES. You know, Mr. Chairman, he made such a wonderful presentation at that time, that in the book which is given out now

portraying the Capital and different scenes in Washington, the Admiral is testifying before the Armed Services Committee in one of those pictures there. Have you ever seen it?

Mr. RIVERS. I might say, Admiral, you did so much good for the Navy when you were Chief, it will take a long time for anybody to change it.

Admiral DENFELD. Thank you.

I appreciate being here, and I appreciate seeing so many of my old friends, especially the chairman of this committee, and the senior Republican, and the next senior Democrat, who are all friends of mine.

Mr. Chairman, and members of the committee, I am Adm. Louis E. Denfeld, U.S. Navy, retired, president of the Retired Officers Association, with headquarters in this city. Our association consists of over 54,000 members, representing retired officers of all of the seven uniformed services, including both Regulars and Reserves.

The association appreciates the opportunity to appear today before this distinguished committee in connection with its consideration of the proposed Uniformed Services Pay Act of 1963.

The sectional analysis of this bill which was transmitted to the committee explains, in detail, the purpose of its various provisions. Accordingly, the Retired Officers Association proposes to confine its remarks to those provisions specifically applicable to retired personnel.

In view of the fact that the pending bill proposes, drastically, to modify the military pay and retirement system so as to pattern it after the laws relating to civil service annuitants, insofar as the computation of retired pay is concerned, it would seem appropriate to observe that an analysis of a previous study of the military retirement system reveals that it cannot, in any meaningful way, be compared with civilian retirement systems. This point was forcefully presented in the Cordiner committee report which, in general, formed the basis for the Military Pay Act of 1958 (Public Law 85-422). The report in question stated, with respect to this matter, in part, as follows:

Military retirement is in itself a unique form of retirement possessing characteristics not found in any form of civil retirement. Its importance stems from the fact that retirement income is counted upon to provide an economic base for the eventual transition from military to quasi-civil status. Even a full military career is a relatively brief one and service personnel, often at the heights of their productivity, family obligations and financial commitments, are forced to alter their standard of living to the reduced economic level imposed by retirement.

All but a few must continue at least part-time active employment to augment their inadequate retired compensation. While the retired civilian is a free agent, the military member, because of existing dual office and dual compensation laws, cannot avail himself of certain types of employment for which he often is best suited. This is in contrast to the "free agent" status of the retired civilian.

* * * * *

*** No other Federal or private retirement system is beset by so many qualifications, restrictions, and forfeiture clauses. Unlike most civilian retirement programs, the individual is unable to withdraw his equity nor is it conveyable. On the contrary, it is a personal credit which attaches to the military principal only, and cannot be bequeathed to survivors * * *.

The Cordiner committee report also contains these significant remarks:

Military retirement is the final and continuing phase of an honorable active duty career. Retired officers and enlisted personnel remain subject to the Uniform Code of Military Justice. Of particular significance is the fact that an officer, in a legal sense, continues to "hold office" and retired personnel are subject to involuntary recall whenever the Secretary determines there is a need for their services with the active duty force.¹

On this matter of possible recall to active duty, former President Woodrow Wilson made some pertinent comments. The following is quoted from the opinion of the U.S. Court of Military Appeals in the case of the *United States v. Hooper* (U.S.C.M.A. 613 615) dated October 13, 1958, when the court had before it the question of the amenability of a retired officer to trial by general court-martial:

* * * Not without significance is the language of President Wilson in his veto of a measure which would have terminated amenability of retired personnel to trial by court-martial. This is what he said, in part:

"* * * It thus appears that both the legislative and judicial branches have drawn a sharp distinction in status between retired officers, who are regarded and governed at all times as an effective reserve of skilled and experienced officers and a potential source of military strength (on the one hand) and mere pensioners (on the other hand)."

The court continued:

* * * Officers on the retired list are not mere pensioners in any sense of the word. They form a vital segment of our national defense, for their experience and mature judgment are relied on heavily in times of emergency. The salaries that they receive are not solely recompense for past services, but a means devised by Congress to assure their availability and preparedness in future contingencies.

The above quotation is consistent with the statement made to the House Armed Services Committee on April 5, 1960, by the Secretary of Defense—Mr. Gates—when he said:

* * * A retired member of the Armed Forces is still a part—and an important part—of our defense team.

He also said that this was "an invaluable concept."

The question has been raised as to the justification for the military retirement system being the only one that gears retired pay to active duty pay. The fact is that this is not the case. Any justice or judge of the United States who resigns after having attained the age of 70, and after having served at least 10 years, continues to receive the salary he was receiving when he resigned.

On the other hand, any justice or judge, who retires, under the same conditions, continues to receive any increases provided by Congress for active duty judges. This is for a very good reason, namely, the retired Federal judge—like the retired military officer—remains available for the performance of the duties of his office following retirement.

A feature of retirement which is peculiar to the military—and not generally known—is that, when the pay of active duty personnel is reduced, that of retired personnel is similarly decreased. In other words, the time-honored principle of gearing retired pay to active duty pay is not confined to pay increases. This is shown by the action of Congress on four separate occasions. The reductions in question applied equally to both active and retired personnel and ranged from 8 1/3 to 15 percent.

¹ Involuntary recall to active duty is restricted to periods of war or national emergency.

Another characteristic, nonexistent in other retirement systems, is that the Congress, in setting the active duty pay rates, takes into consideration the retirement equity officers are accruing. In other words, they receive less pay than they actually earn based upon this consideration. To state it another way, retired pay is earned pay for which, in effect, a contribution is made.

A statement by Mr. Charles R. Hook, who was chairman of an advisory committee on service pay, would appear to be pertinent to this matter. The statement in question was made in 1955 when Congress was considering the bill which became the Career Incentive Act of that year. The statement read as follows:

Total compensation should be recognized as including all elements, basic pay and allowances * * * and deferred compensation such as severance, retirement, and survivor benefits. Each is an essential of a balanced and interrelated program and should be judged in relation to the whole.

As to the question of retired pay being earned pay, the Honorable Robert L. F. Sikes, Representative from the First District of Florida, expressed himself forcefully on this recently when he indicated his opposition to proposed legislation which would have denied certain retired officers the right to receive their full retired pay when holding a Federal civilian position.

He stated, on this occasion, that—

It demolishes the time-honored concept that military retired pay is earned for services rendered.

During the course of a debate on the floor of the House of Representatives on April 7, 1960, the Honorable F. Edward Hébert of Louisiana in explaining the reason he had abandoned the bill which he formerly sponsored, stated as follows:

I abandoned the original bill because the gentleman from Texas—Mr. Kilday—convinced me that retired—military—pay is something that was earned and should not be taken away. (Congressional Record of Apr. 7, 1960, p. 6974.)

The Honorable Paul J. Kilday, at the time the ranking majority member of the House Armed Services Committee, and then generally recognized as the foremost authority in the House of Representatives in the field of military pay and retirement, appeared as a witness before the House Subcommittee on Special Investigations on July 8, 1959, when that committee was considering the matter of conflict of interests, pursuant to House Resolution 19, 86th Congress. The Congressman, on that occasion, made a statement very pertinent to the point now under discussion when he said:

I didn't want the record to stand that there is no contribution made because I think that our committee is pretty well convinced that we have adjusted—downward—the pay scales in view of the fact that there was no contribution made. (See p. 39 of hearings.)

He then went on to say, in effect, that if contributions had been required, the pay of active duty officers would have been increased sufficiently to cover the cost of the contribution involved.

Finally, it is desired to point out still another characteristic which is peculiar to the military retirement system. This is the fact that retired pay is not computed on the full active duty compensation of

the individual involved. His active duty compensation consists of (a) basic pay, and (b) allowances for quarters and subsistence. The military retirement pay is computed on the basic pay part only.

As an illustration, a colonel with 30 years of service who was retired prior to June 1, 1958, would receive \$136 additional retired pay per month if his pay was computed—like other retirement systems provide—on his full active duty compensation.

Since the inception of the military pay and retirement system, it has been practically the undeviating policy of our Government that the pay of a retired officer is to be geared, directly, to the active duty pay of an officer of the same rank and length of service.

Thus, when the law under which these two officers were paid was amended to change the pay of an active duty officer, that of the retired officer was, automatically, adjusted correspondingly.

During approximately 100 years since the military retirement system was instituted, there have been two laws enacted that prohibited all retired officers from recomputing their pay on the scales established in such laws for those on active duty.

The first occurred in the enactment of the Joint Service Pay Act of 1922, which denied the officers retired prior to its effective date, the right to compute their pay on the scales provided therein for active duty officers. This was recognized as an inequity and the Senate, 2 years later, passed a bill to restore the traditional right, but there was no House action thereon.

Both Houses of Congress passed a bill to restore the recomputation principle in 1926. This was when it enacted Public Law 204, 69th Congress. This bill was passed by a vote of 160 to 16 in the House, and by a voice vote in the Senate.

The Senate report on this bill (S. 364, 69th Cong.) stated that the result of the action of Congress in 1922 was that—

* * * while granting the benefits of the new pay legislation to all officers who retire after July 1, 1922, deprives all officers retired prior to that date of said benefits, thereby violating the basic law under which these officers gained their retirement rights.

There is no justice in two pay schedules for equal merit and equal service.

The House report on the corrective legislation enacted in 1926 (H. Rept. No. 857, 69th Cong.), dated April 12, 1926, pointed out that—

The pay of retired officers is not a fixed sum nor is it a specified sum but it is 75 percent of the pay of the rank upon which they are retired; that is three-fourths of the pay of officers of similar rank still on the active list and not three-fourths of the pay at the time of retirement.

When the bill was being discussed on the floor of the House of Representatives on May 5, 1926, the majority leader made the following significant statements:

(1) It is not a question of what Congress can do but of what Congress in all fairness ought to do.

(2) I say that we cannot afford to take any other position regardless of what it may cost, than to equalize the pay between these old officers and the more recently retired officers.

During the debate on the floor of the House the following statements were made by Congressman Speaks.

Mr. Speaker and gentlemen of the House, this is a very simple proposition involving a matter of justice and equity only. Regardless of the fact that arguments will be presented which are in some way related to the subject, and which may have a tendency to confuse members, the question of honorable procedure is the sole principle to be considered.

* * * * *

The language of the statute (retired pay statute) was regarded as a definite promise and moral contract, and throughout their years of service with the colors, officers felt that they were being compensated in some degree for lost opportunities in civil life by the assurance that when their days of active duty were completed the Government would stand by the terms of the law under which they had been serving and grant them the retired pay and emoluments agreed upon. * * *.

The association submits that the above reasoning is just as sound today as it was in 1926.

The other departure from the basic principle of relating retired pay to the active duty rates occurred when the Congress enacted the Military Pay Act of 1958 (Public Law 85-422). This, like the Joint Service Pay Act of 1922, prohibited personnel retired prior to its effective date (June 1, 1958) from computing their pay on the rates established therein for active duty personnel, while allowing such computation for those retired on or after that date.

A bill to restore this traditional principle—H.R. 11318, 86th Congress—was passed by the House of Representatives on May 12, 1960, without an opposition vote, after having been approved by the Armed Services Committee in a similar manner. The bill was, in due course, referred to the Senate Armed Services Committee, and later to a subcommittee, for its consideration, but no hearings were held on it.

An identical bill was, also, made a part of the Department of Defense's legislative program in 1961 and 1962. Contingent requests to cover the cost of the bill were included in the budget for the fiscal years 1962 and 1963. Again, however, the Senate did not take any action on the bill. Neither did the House because of its reluctance to act on it in the absence of any assurance that the Senate would do so. This, as you will recall, was not forthcoming.

The Department of Defense's pay bill proposal, H.R. 3006, if enacted in its present form, would repeal the existing authority for automatic adjustment of retired pay to reflect the changes in active duty pay. It would substitute, in lieu thereof, a formula based upon the changes in the cost of living.

During a press conference held in the Pentagon on January 3, the Department of Defense spokesman was asked, in effect, how he could reconcile sponsoring recomputation to correct the inequity resulting from the 1958 law, and, at the same time, advocate the creation of a similar inequity in the forthcoming bill which H.R. 3006 would do, if enacted in its present form.

He attempted to rationalize his position by stating, in substance, that prior to the passage of the Military Pay Act of 1958, there was a presumption that retired pay would be adjusted to reflect the latest active duty rates. However, he contended that the action of the Congress in 1958 when it prohibited recomputation, destroyed the validity of such presumption for the future. The Department of Defense's letter transmitting the pending bill to the Congress was

consistent with the presumption theory when it indicated that it was the position of the Defense Department that the effect of the 1958 Pay Act was to serve notice that the system of computing retired pay would be changed.

We submit that the pertinent legislative history in connection with the point does not support such a conclusion.

In the first place, if the Congress had intended to abandon the recomputation principle as a part of the military pay and retirement system when it enacted the pay law of 1958 (Public Law 85-422), it would have repealed the basic statutory authorizations for such recomputation. It did not do so. It merely prevented their application to the provisions of that particular law. As a result, they are as much a part of the law today, as they were enacted.

In the second place, the House of Representatives, less than 2 years after enactment of the 1958 pay law, showed by its clear-cut action that it did not agree with the conclusion of the Department of Defense spokesman. This was when the House, without an opposition vote, passed a bill which removed the prohibition against recomputation of pay that was contained in the 1958 law. However, the House in passing this bill, did not repeal the continuing statutory authority for recomputation of retired pay.

In the third place, the debate on the floor of the Senate on April 29, 1958—when it passed the bill that became the pay law of that year—showed the Senate did not mean to abandon the recomputation principle. During the debate various Senators—including four present members of the Armed Services Committee, namely, Senators Jackson, Symington, Ervin, and Goldwater—expressed their misgivings regarding the omission of the normal recomputation authority from the pending bill, and their hope for early reconsideration of the matter by the Congress.

During the course of the debate Senator Symington stated his regret at the treatment accorded retired officers but that, in order to assure passage of the bill, it appeared necessary to do so. Senator Goldwater indicated that it was for the same reason that he refrained from offering an amendment to correct the situation. Both of these Senators subsequently sponsored bills to remove the 1958 inequity.

It is thus apparent that a realistic appraisal of this Senate debate is not consistent with the conclusion that it was the congressional intent to serve notice of an impending change in the method of computing retired pay in the future. On the contrary, it demonstrates that the Senate, reluctantly, agreed—as a temporary expedient—to omit the usual recomputation authority in order not to jeopardize passage of the overall bill.

Let us assume, for the purpose of discussion, that the action of the Congress, in 1958, when it prohibited recomputation of retired pay did, in fact, have the effect of serving "notice" that the system of recomputing retired pay would be changed. This assumption, naturally, suggests the question of where this leaves those who had completed their careers and retired prior to receiving the so-called notice.

This included more than 50,000 officers, and in excess of 57,000 enlisted men. Many officers in this category had served on active duty in both World Wars, and a considerable number in both World Wars

and the Korean conflict. The careers of some embraced a period of 40 years or more. Throughout their service with the colors there were on the statute books laws providing that their retired pay would be adjusted to conform to the changes in active duty pay. After completion of the military careers to which they had committed themselves—upon entry to the service—they find that one of the benefits they had rightfully relied upon during their careers will be denied them, if the bill H.R. 3006, is enacted in its present form.

It would seem fair to say that, for a notice under the conditions outlined in the case to be of any significance there must have been some reasonable course of action open to the recipients of such a notice. With respect to the group involved—the pre-1958 retirees—there was no action they could take. This proposed change would be tantamount to a repudiation of a right established by the Congress. As the committee knows, laws involving changes in the pay and retirement provisions of existing laws have, customarily, contained savings clauses. It is submitted that, if the Congress in its wisdom should decide to change the existing standards and requirements for retired pay computation, such changes should apply only to those who enter upon careers in the uniformed services on or after the effective date of the changed policy.

Our suggestion, if adopted, would mean that those who commit themselves to a military career after enactment of this bill would do so with a full awareness of what they can expect with respect to retirement pay. At the same time, it would keep faith with those who had already carried out their obligation by completing a full honorable career.

The basic objective of Public Law 85-422, and of the Cordiner Committee report on which the legislation was, in general, based as you will recall, was to provide a military pay system designed to attract and retain qualified personnel for active career service.

By permanently divorcing the computation of retired pay from the current level of active duty pay as the proposed legislation would do, one of the most compelling incentives contributing to the attractiveness of military service on a career basis would be sacrificed. This action was contrary to the philosophy and recommendations of the Cordiner Committee, as is shown in its report wherein it is stated:

The Committee has therefore concluded that the incentive value of the existing military retirement program depends to a major degree upon its integral relationship with active duty compensation and the confidence which has been built up in the military body that no breach of faith or breach of retirement contract has ever been permitted by the Congress and the American people. It is this unique characteristic which serves to counterbalance many of the limited aspects of military retirement pay and has made it one of the most influential selling points in the recruitment efforts of the services.

The uniformity of compensation thus achieved is considered appropriate and the inclusion of retired personnel within the new compensation system is considered by the Committee to be a mandatory and essential feature fully in consonance with the long-established principle that retired compensation must always remain closely related to current active duty pay. To depart from this principle would not only break faith with the individual currently retired, but would have a most serious and adverse effect upon the retention rates of personnel currently on active duty.

The feeling seems to be rather prevalent that the authority for gearing retired pay to active duty pay is rather nebulous, and that

it is based on a practice rather than on actual statutes. It would appear desirable to state the facts that dispel any such idea.

This particular point arose during hearings conducted by the Senate Armed Services Committee on June 7, 1962, when the Secretary of Defense, Mr. McNamara, was a witness. On this occasion, Secretary McNamara made the following statement as to his understanding of the matter:

I don't recall that the law stated that retired pay would remain a constant, or would continue to have a constant relationship to active duty pay as active duty pay changed subsequent to retirement. I understood that was a practice rather than an action required by law * * *.

The Secretary was requested to check this point, and have the appropriate data in connection therewith inserted in the record of the hearings, which he did.

The information subsequently submitted to the Senate Armed Services Committee by Secretary McNamara demonstrated, beyond any doubt, that the authority for recomputation of pay by retired officers was definitely based on clear provisions of law rather than on a mere practice. This statement submitted by Secretary McNamara discloses that the Comptroller General has also consistently held that this was so. His position has been that the matter was so thoroughly established in longstanding laws on the subject that it was unnecessary for a particular pay bill to provide, specifically, therefor.

The submission by Secretary McNamara on this point traced the provisions of law which authorized such recomputation.

Typical of the laws quoted was that relative to the Navy and Marine Corps which is found in section 6149, United States Code, title 10, and reads as follows:

* * * the retired pay of each retired officer of the Navy or the Marine Corps should be computed on the basis of rates of pay provided by law, at the time of his retirement, for officers on the active list. If after the retirement of any such officer the rates of pay for officers on the active list are changed, the retired pay to which the officer is entitled shall be recomputed on the basis of the new rates.

In view of the above, the Retired Officers Association respectfully submits that the justification for the proposed change so as to pattern the military retirement system after the system devised for civil service annuitants is not apparent.

There is a group of officers to which it is desired to invite the committee's particular attention. They constitute the group retired for physical disability prior to October 1, 1949—who, under the Career Compensation Act of that year (sec. 411) were permitted to elect to receive the Pay provided in that law, if they could qualify therefor—or to continue to be paid under the laws in effect prior to enactment of the Career Compensation Act. Many chose the latter course. As a result of certain developments which could not be foreseen, this has been to their disadvantage in many cases. Under the terms of the Career Compensation Act, however, the election once made was final. This law, however, provided that another group of officers retired for nondisability reasons, automatically receive their pay based on the scales contained in the old laws, or the Career Compensation Act, whichever is greater. In other words, the physically disabled are in a disadvantageous position vis-a-vis the group retired for reasons other than physical disability.

The association believes that this group deserves an opportunity, again, to elect to receive their pay under the Career Compensation Act as was originally authorized in that law.

The Secretary of Defense, Mr. McNamara, recently stated that the enactment of a military pay bill was long overdue. We heartily concur with the Secretary's statement. Accordingly, it is recommended that the committee approve an effective date as hereinafter indicated, rather than October 1, 1963, as proposed in H.R. 3006.

It is considered pertinent to invite attention to the steady erosion of military retirement benefits, an erosion taking place when retirement benefits across the Nation, generally, are expanding. Physical retirement benefits were greatly restricted by the Career Compensation Act of 1949. The right of medical and hospital treatment on a facility-availability basis is fast becoming of minimal value and in many cases nonexistent.

The expanding activities of Government and the increasing participation of business and industry in Government contracts have narrowed opportunities for employment because of the Dual Compensation and Conflict of Interest statutes. The proposed reduction of retired pay benefits would be a further significant element of erosion.

We urge that the committee do not approve this additional step in the direction of rendering the military service less attractive as a career.

To summarize, the Retired Officers Association recommends that the bill, H.R. 3006, be amended to provide that:

(a) Personnel retired prior to the effective date of this bill who are in receipt of pay under the Career Compensation Act of 1949, as amended, be authorized to recompute their pay upon the basis of the active duty pay scales established in the pending bill.

(b) The following be excepted from the new proposed system of adjustment of retired pay that is contained in this bill:

(1) Retired personnel who, on the day before the enactment of this bill are in receipt of pay under the Career Compensation Act of 1949, as amended, and

(2) Personnel who are on active duty on the day before enactment of this bill.

(c) Personnel retired for physical disability prior to October 1, 1949, and who did not elect to receive pay under the Career Compensation Act of that year be authorized, for a period of 5 years subsequent to enactment of this bill, to reelect to be paid under that law, as originally provided therein.

(d) The effective date of the bill be July 1, 1963, or the first day of the first month following its enactment, whichever is earlier.

The association is prepared to submit, for the committee's consideration, language which it is believed appropriate to carry out the proposed amendments.

In conclusion, I would like to say that this committee has a long and distinguished record of leadership in the processing of legislation beneficial to the members of the uniformed services. We are confident, therefore, that the action the committee takes on the pending bill—and proposed amendments—will be consistent with the enviable position the committee has justly established in this field.

Thank you very much, Mr. Chairman, and members of the committee, for the privilege of appearing before you today.

Mr. RIVERS. Thank you, Admiral Denfeld.

Admiral Denfeld, do you have a law degree?

Admiral DENFELD. No, I do not.

Mr. RIVERS. I don't think I have ever seen a stronger legal document.

Admiral DENFELD. I have a legislative assistant who is a lawyer.

Mr. RIVERS. We know Admiral Houser is a distinguished member of the bar, but this is one of the strongest statements it has been my pleasure to listen to.

You take a strong and unequivocal stand. I would just like to ask you one question about those 1,949 retirees who went out on disability. They had the right of election?

Admiral DENFELD. That is right.

Mr. RIVERS. And then when they found out they made the wrong election, they want to come back and say, we want something else?

Admiral DENFELD. That is right.

Mr. RIVERS. You know they didn't pay any income tax on that?

Admiral DENFELD. I know that.

Mr. RIVERS. So I don't feel as strongly about them as I do about some of the others. Nevertheless, you made a very fine statement, and as usual you represent not one segment but all of them.

Admiral DENFELD. That is right.

Mr. RIVERS. I am glad to see you take such a position.

I have no further questions. But I do want to congratulate you on a very fine statement. Let me say this, also. This is an important question, and I think it is one of the most important parts of this bill. This is one of the most important questions this committee is going to have to sell. We are going to have to come to a decision.

Mr. HARDY. I was going to say, Mr. Chairman, it is mighty good to see Admiral Denfeld back before the committee. I am delighted he is back. And I compliment him on having such a comprehensive statement on this very difficult subject. It is going to be hard to wrestle with it. How we wind up with it, I wouldn't want to forecast at this point.

Mr. RIVERS. Mr. Blandford.

Mr. BLANDFORD. I would like to say, Mr. Chairman, that of all the arguments presented on the pros and cons on this question of recomputing retirement pay, this is beyond a doubt the most comprehensive and the most factual that has ever been submitted on this entire question.

This certainly makes the issue as clear as possible. I don't believe that, if you had 15 attorneys, you could have found 1 additional argument in your behalf. I think the statement covers every single possible argument in support of your position, and it is certainly there for the committee to make a decision.

Mr. RIVERS. That is exactly what I tried to say. [Laughter.]

I don't know of any that has been more comprehensive.

Mr. HARDY. Mr. Chairman, I think while we are complimenting him, we ought to give a little credit to our friend Admiral Houser.

Mr. RIVERS. We don't want Admiral Houser to be out of a job.

We don't want you to rest on your own, we want you to prepare some other legal arguments for the future. This is a splendid statement.

Admiral HOUSER. Thank you, Mr. Chairman.

Mr. GAVIN. I want to congratulate Admiral Denfeld, too, on a very fine, clear statement, understandable, and we appreciate it very, very much.

Admiral DENFELD. Thank you, sir.

Mr. GAVIN. We appreciate your being here with us today. You have earned and deserve the respect and admiration not only of the committee, but of the American people, for your very distinguished record over a long period of years, and this statement merely supplements the fine work that you have always carried out.

Admiral DENFELD. Thank you, Mr. Gavin.

Mr. RIVERS. Mr. Bennett.

Mr. BENNETT. I also want to congratulate the admiral on his fine statement, and I was impressed by the thoroughness with which he went into it, and I also was impressed by the authorities he cited.

But, you know, there isn't any Member of Congress that really wants to end the privileges which you seek to continue, and the problem is, as was stated earlier in this hearing, as to whether or not a continuation of this policy would jeopardize the continuation of any retirement benefits or any substantial retirement benefits that are now enjoyed. The legal situation, from a strictly legal standpoint, I believe, is that Congress could legally abolish all benefits for retirees, because you have never made a technically legal type of contribution to the program. I am talking about law, now, and decisions of courts, which would decide this.

I went into this sort of thing long before I came to Congress. This came up in my practice, and I think as a matter of law, I am not trying to lay down any law, but it was at least 30 or 20 years ago, that if you hadn't actually contributed anything in dollars, specifically along the line, you had no contract status in court to sue to enforce the things in the retirement system.

So this leads me up to this point: I, myself, have not yet been convinced that the picture is as dire as people say it is if we do continue this program. But if the committee should find that it is this dire, and this serious, that it might jeopardize the entire retirement program in the future, what would you think about the possibility for these that come on later of having a required statutory contribution involved to a retirement system? Then they would be able to sue. Then they would be able to go to court and say, "Well, here is a provision in my retirement system, this is what I paid in under, and I have a right to be acknowledged in court."

What would you think about that as a procedure, keeping faith with people, and also preventing this collapse of the retirement system?

Admiral DENFELD. Well, I rather agree with you that I can see no reason for the collapse of the retirement system. I think while we are spending a lot of money for retirement pay, that is what we have to pay for having won two World Wars, and two very major ones, because, as I remember it, in the First World War we had about

4 million people under arms, and in the Second World War we had over 11 million people under arms. And if we hadn't won then, we wouldn't be worrying about the retired pay, we wouldn't be here, there wouldn't be any.

I am sure the Germans and Japs haven't got any retired pay. But I think in everything that has been done, and everything that the military personnel has considered, while they haven't made any contribution as far as money is concerned, they certainly have made contributions in other ways which is just as good as the business of contributions of so much money.

Mr. BENNETT. But it is not, of course, from a legal standpoint, a contribution which would allow you to come into court and enforce the pension rates, as far as I understand. And you could if you contributed dollars every month.

I would like to repeat the question, though, maybe I was too loquacious is how I stated it, the question would be in my mind whether you would prefer going to a system of having some contribution made by those on active duty as a thing to be preferred over ending these benefits which, as you stated, have been earned in the past.

In other words, we come to a situation where we have to end this program, would it be better to try to save the program by requiring some contribution in the future if we have to do that, if those are the only two alternatives?

Admiral DEXFELD. I think, Mr. Bennett, if that was to be considered, that they ought to have high-pressure, or a high-powered board to pass on that sort of thing, then the Congress ought to take real serious—make serious considerations of the whole questions before any action was taken.

I don't know enough about that sort of legal contribution to make an opinion at the present time. But I think we certainly do need to look into it, if it is going to be necessary.

Mr. BENNETT. Thank you very much, Admiral, for your very thoughtful help and contributions.

Mr. RIVERS. Mr. Bates.

Mr. BATES. Admiral, do I understand that title 10 still includes that section to which you referred on page 15?

Admiral HOUSER. Mr. Bates, it does. We took it from the statement submitted by Secretary McNamara to the Senate Armed Services Committee, here.

Mr. BATES. That sort of conflicts with the 1958 act, doesn't it?

Admiral HOUSER. Well, Mr. Bates, no, sir. This is a continuing authority. The 1958 act merely precluded application of those laws to the provision of that specific act.

Mr. RIVERS. Suspends the operation?

Admiral HOUSER. Yes, sir. Otherwise, Mr. Bates, there wouldn't be in this bill here a proposal to repeal all of those laws.

Mr. BATES. In other words, that is really an exception to the standing report?

Admiral HOUSER. That is right.

Mr. HARDY. As I recall it, there was a provision written into the 1958 act which specifically—

Mr. RIVERS. Would apply to that.

Mr. HARDY. Yes. It eliminated the application.

Admiral HOUSER. That particular law.

Mr. HARDY. That one act.

Admiral HOUSER. Yes, sir; that is right.

Mr. RIVERS. That is my understanding.

Admiral HOUSER. That is right.

Mr. BATES. Is that notwithstanding any other provision of law, or was it a specific reference?

Admiral HOUSER. Notwithstanding any other provision of law, that was the language.

Mr. BATES. That would be merely because of the controversy that has surrounded this point, but not necessarily because it was in fact a matter of law; isn't that correct?

Admiral HOUSER. Well, Mr. Bates, the continuing statutory authority for recomputation pay has been on the statute books for years, and is still on the statute books today. On two occasions the Congress in enacting a pay bill, one in 1922, said words to the effect, notwithstanding other provisions of the law, no one on the retired list before the effective date of this act would be allowed to compute on the scales provided therein.

That was roughly the same language in 1922 and again in 1958.

Mr. HARDY. There wasn't any question about the legislative intent, because that was fully discussed.

Admiral, you were around before all of us here, and you are fully aware of it.

Admiral HOUSER. Yes, Mr. Hardy.

Mr. RIVERS. Mr. Huddleston.

Mr. HUDDLESTON. Mr. Chairman, the statement Admiral Denfeld has given to the committee will be extremely valuable to us in arriving at the equitable and fair decision on the matter of recomputation of retired pay. The research and thought that has gone into it is certainly something that the committee is deeply appreciative of. I wasn't a member of this committee at the time of the B-36 controversy, Admiral, but if your statement was as strong and forceful and logical at that time as it has been this morning, I am amazed that you didn't prevail in your arguments in that controversy.

Mr. HARDY. He did all right with the committee, but somebody down on the other end of the Avenue is the one he didn't do too well with.

Mr. HUDDLESTON. In 1960 I was coauthor of legislation to equate the retired pay. I served as a member of Paul Kilday's subcommittee when we handled this legislation. We worked through this full Committee of the Armed Services, and then on the floor. Along with Mr. Kilday and other members of this committee we were all disappointed. Actually, the final action taken was not to correct this inequity.

I am sure everything you said is so logical and forceful the committee will give full consideration to your statement.

Thank you for coming before us, Admiral.

Admiral DENFELD. Thank you very much.

Mr. RIVERS. Mr. Stratton.

Mr. STRATTON. Admiral, I think we have a real problem here with respect to these two considerations Mr. Bennett has referred to, one, the operation of the Active Forces, and the other the obligation that we have to our retired personnel.

I am wondering, Mr. Chairman, if we might be able to get from the committee counsel, and I don't see him here at the moment, some indication of the extent of the problem of the Secretary of Defense, as outlined to us. How many people do we have receiving retired pay in comparison with the number of people on active duty, for example, and are the bulk of them officers, or the bulk of them enlisted personnel? What is the difference in the cost computation between the recommendations of the Secretary and the proposal that we return to the original system?

Mr. BATES. About, 93 billion, I think.

Mr. RIVERS. We will have that in the record.

Mr. STRATTON. Maybe that is contained in the statement, but I don't recall it. It seems to me this is the crucial issue as Mr. Bennett has indicated. We are being told, as I understand it, there are two problems involved. One is if we return to the original proposal, we could get into such an overwhelming financial problem that, as Mr. Bennett says, it would jeopardize the entire retired pay system. We don't want to do that.

Secondly, if I remember the Secretary's statement, this also has a limiting factor—provides a limiting factor on our management of the Active Forces. I think the Secretary's statement said that if we feel that we need some particular incentive to get a number of officers in a particular grade, we can't proceed with that without taking into account the effect this is going to have in financial terms on our retired pay.

The Secretary, at least, indicated to us that this was becoming a burden or could become a burden in the future. Now, I am not convinced that he has made his case to us, and that is why I am asking for this information.

My question is this, Admiral: You held a position of great responsibility in the Navy. Do you feel that it is a reasonable point of view to say that in dealing with personnel problems relating to the Active Forces that the effect that these actions are going to have on the retired personnel should be a limiting factor, or doesn't it make sense to say that provided we deal with our retired personnel fairly, that we ought to be able to handle the current personnel problems without having to be tied to this other question of what the total cost is going to be in terms of retired pay?

Admiral DEXFELD. Mr. Stratton, as you know, I had during my active duty a lot of personnel experience.

Mr. STRATTON. I know that.

Admiral DEXFELD. And my opinion is that the administration and the Government can find the money to treat the people fairly, both active and retired.

Mr. STRATTON. Well, it seems to me that, Admiral, if I may say so, that is a pretty sweeping statement. Here we are confronted now with a military budget that is \$54 billion, the fourth highest in the history of the Nation. We have had some proposals made in this com-

mittee which I didn't go along with that would increase it still further, and there are people who feel very strongly we ought to have even more weapons.

Now, we are being confronted with a pay proposal that is going to cost a lot of money. And there are other recommendations that are being made that are going to up the cost even further. Obviously, if we are going to try to reduce our expenses to meet the reduction in taxes that we are in favor of, there has got to be a line drawn somewhere. It does seem to me that there isn't an absolute failure of a limit in terms of costs. I am wondering whether you wouldn't agree—maybe this is asking too much, but you know the personnel problems—whether you wouldn't agree that the problem of handling personnel for the active service ought not to be entirely dependent on the question of what these changes are going to do in terms of retired pay for those who retire later on?

Admiral DENFELD. Well, I think that we should furnish the money necessary for the active duty, but I see no reason, in this day of free spending, why we should jeopardize the retired list and the influence on the entire military personnel by picking out the retired personnel to pinch pennies with.

Mr. STRATTON. Well, this I think is the question before the committee, and I must say that the distinguished chairman's comment at the time of his statement seemed very persuasive to me, that the proposal of the Department of Defense is not in any sense an unfair proposal, and if we are faced with this problem it seems to me that perhaps our primary responsibility has got to be to the operation of the Active Forces.

Before I make up my own mind, I would like this information that I have requested.

Mr. RIVERS. It is in the record; Mr. Blandford will furnish it.

Mr. STRATTON. It seems to me we have to weigh these two alternatives.

Mr. RIVERS. Mr. Kilgore.

Mr. KILGORE. I have no questions.

I want to thank Admiral Denfeld for his fine statement to the committee.

Mr. GAVIN. I suggest we might do a little cutting on foreign aid, and give it to these men who have served their country faithfully and devotedly and loyally, and cut in some other spot, rather than try to effect any cuts in the retirement of our Army personnel—Domestic Peace Corps, and do other things—various programs that have been submitted.

Perhaps we can investigate some places where cuts can be made so we can readjust the retirement on a fair and equitable basis for all of those people who have served.

Mr. RIVERS. Thank you, Mr. Gavin.

Mr. Kilgore, had you finished?

Mr. KILGORE. I did.

Mr. RIVERS. Dr. Long.

Mr. LONG. Admiral—thank you, Mr. Chairman—Admiral, I want to tell you how pleased I am to see you here today and read this very effective statement.

I served briefly under you. You were Chief of the Bureau of Naval Personnel, but you were so high up and I was so low down I never did get to see you.

It is a pleasure to see you here today.

I was persuaded to some extent by what Mr. Stratton had to say. I think the factor of cost will probably be important in very subtle ways, because there is so much money. Wrongly or rightly, there is just so much money you can get the country to spend on national defense. The possibility that these things are going to affect the retired might at some time have something to do with what we would be willing to spend currently on our current armed services.

I was reminded, as I listened to you, that professors would also like an arrangement whereby their retired pay would be geared to the active duty pay of those who are succeeding them, because many of them have suffered badly. I think retired people in all walks of life would like this, but, of course, it is very hard as a practical matter to get it. I think there is one argument you made that perhaps is somewhat more persuasive to the uniformed services than it would be in other walks of life, say professors, and that is that, as you point out, a large percentage of retired officers are in fact called back into service. There is a readiness to serve factor here in the case of your uniformed services that you may not have in other walks of life.

I wondered if you could tell us for the record just how large a percentage of retired officers are in fact called back into service from time to time? Is this an important, practical factor here?

Admiral DENFIELD. Well, of course, in times of emergency, a national emergency, we recall practically all that we need. And that is a large percentage. Those who are physically able.

In the First World War we didn't recall so many, but in the Second World War we recalled practically everybody because we were so much in need of sending all the able active boys to the fronts, in the Pacific and Atlantic, that we used a great many of them on shore duty, and a great many of them on shore jobs overseas. It is a group we really need in times of emergency, there is no question about that.

Mr. LONG. I think it would benefit your argument if you could get some actual statistics in the record as to how many people were called back in the Korean War and World War II, because in many ways that is your most persuasive argument. You are paying people for readiness to serve here?

Admiral DENFIELD. That is right.

Mr. LONG. And you don't have this in many other walks of life.

Admiral DENFIELD. That is right.

Mr. LONG. That is all I have.

Mr. RIVERS. Thank you, Doctor.

Mr. Gubser.

Mr. GUBSER. Admiral, I would like to compliment you on your splendid statement, that was not only well written and well constructed, but I thought delivered with a conviction that can only come from a deep-rooted believer. I know you believed every word you stated.

You heard our counsel mention, I believe yesterday, or the day before--incidentally, I might preface my remark by saying I am completely with you on the principle of recomputation.

You heard our counsel state the other day that we were fast approaching the situation where the impact upon the Federal budget of military retired pay would be about \$3 billion. Of course, that is a matter we must be concerned with.

I am wondering if your association, which of course is dedicated to the national interest, as well as the welfare of retired officers, has given any thought as to how we can meet that impact, and whether or not the recomputation would still be justified in spite of that impact on the Federal budget?

Do you have anything to say on that subject?

Admiral DENFELD. We have given it a lot of consideration, and at the present time we feel that the retired personnel should be treated the way they have been heretofore in this recomputation.

If the time comes when we can't get the kind of pay we think we are entitled to, then I think all branches of Government better tighten their belts, and see what we can do for the overall picture.

Mr. GUBSER. You will forgive me if I attempt to rephrase what I think you mean, and give you the opportunity to say "no."

You feel that the scope of the Federal Government is constantly expanding. We are constantly taking on new services and new concepts of Federal responsibility, one you mentioned, the domestic Peace Corps, as an example. Do you retired officers feel perhaps we better continue to make good on previous moral commitments that we have had, rather than taking on something new at this time?

Admiral DENFELD. I think you have put it very well.

Mr. GUBSER. If the economy can absorb all of these new fancy, fangled programs that are coming down to us, and Presidential messages every other day, perhaps it can absorb its traditional responsibility of the retired military personnel. Would you go so far as to accept that?

Admiral DENFELD. Well, I think this country is taking on a great many things, because they are really the leading country in the world today, and we have to be in the forefront of some of these things, like the space—money spent on space, and the like. But I don't think it is necessary to spend all the money we do for the things like foreign aid, that sort of thing, because I don't think the results have indicated that they have been that successful.

Mr. GUBSER. Admiral, would you think it would be a fair statement to say that the retired personnel, military personnel, look upon this as a whittling away of a fringe benefit, to military services?

Admiral DENFELD. Well, I think we have been subject to the fringe benefits being taken away for a good many years. This is just another way of cutting down on the retired personnel.

Mr. GUBSER. After a lifetime of military service, wouldn't you say that the fringe benefits were one of the incentives that were offered to you and others to maintain yourself in military careers?

Admiral DENFELD. I am sure that is the way we felt when I entered the Navy in 1908, but times have changed since then.

Mr. GUBSER. Well, now, yesterday we talked about another fringe benefit, and taking it away is an announced policy of the Federal Government, because we are not going to build any new hospitals with beds to take care of military retired personnel and their depend-

ents. With the tremendous increase of retired military personnel, which we know is coming, with the gradual obsolescence of existing hospitals, with the program of not building new hospitals to accommodate beds for retired personnel, isn't it obvious this is another fringe benefit that is going by the board?

Admiral DEXFELD. I have personal experience with that, because a great many of my friends are now getting to that age when they need hospitalization. They are having an awful hard time getting it because of some of them living in parts of the country where there is no hospitalization available, and even in places where there are hospitals, as you say, there are very few beds available for the retired personnel.

Mr. GUBSER. So if we abolished the traditional concept of recomputation, we are abolishing it at a time when we are taking away still another fringe benefit that has been traditional to military personnel, isn't that right?

Admiral DEXFELD. That is right.

Mr. GUBSER. If we have to do this thing, abolishing the principle of recomputation, by the recognition of some of the fiscal realities of life, would you believe perhaps the blow might be softened a bit if we would—if the Congress would reassert the policy that we are going to furnish medical service and hospitalization for retired personnel and their dependents? If we could restore that, would that soften the blow somewhat?

Admiral DEXFELD. Well, I think most retired people at the present time feel that they have been entitled to it, and it is slowly being taken away from them.

Mr. GUBSER. Well, I think they look upon it, not as an entitlement, but more or less as an unquestioned privilege. I think that might be a better way of wording it.

But have you found, as I have found, that actually that abolition of rights to medical treatment and hospitalization, and this privilege of medical treatment and hospitalization, is a matter of deep concern to retired personnel?

Admiral DEXFELD. Yes, I am sure it is.

Mr. GUBSER. To me I think it is an even greater concern to them than the question of retired pay. That is what we are discussing here.

Admiral DEXFELD. It is of equal concern, I think.

Mr. GUBSER. That is all.

Mr. RIVERS. Thank you, Mr. Gubser.

Thank you; Mr. Blandford, do you have any questions?

Mr. BLANDFORD. No, sir; I have no questions.

Mr. RIVERS. Thank you, Admiral Denfeld.

Admiral DEXFELD. Thank you, sir.

Mr. RIVERS. The next witness is Sgt. William M. Rein.

Mr. REIN. Yes, sir.

Mr. RIVERS. We will hear you at this time.

Mr. GAVIN. Are you a civilian now, Sergeant?

Mr. REIN. As of November, last year; yes, sir.

Mr. RIVERS. Have a seat, Sergeant.

I notice on my list here I have all the officers' associations ahead of you, but since Mr. Gavin is the most distinguished sergeant on this committee —

Mr. GAVIN. Along with Mr. Rivers, too.

Mr. RIVERS. We figured we ought to hear from you, too, at this time.

Mr. REIN. Thank you, sir.

Mr. RIVERS. It will be a pleasure to hear from you at this time.
Sergeant Rein.

STATEMENT OF M. SGT. WILLIAM M. REIN, U.S. ARMY, RETIRED

Mr. REIN. Mr. Chairman and members of the subcommittee, I am M. Sgt. William M. Rein, U.S. Army (retired), national executive secretary of the Association of Regular Army Sergeants. Our association is a worldwide organization of career sergeants devoted to enhancing the moral leadership, prestige, and usefulness of the non-commissioned officer corps. In furtherance of this objective, our association has in the past presented to this committee the feelings of its members on legislation affecting the benefits of military personnel. I am appearing today to express our association's strong support for a pay raise for all the members of the Armed Forces and to acquaint the subcommittee with the changes we feel are needed to make H.R. 3006 the fair and adequate pay legislation so vitally needed and required by all military people.

We would like to express our appreciation to this subcommittee for giving the pay raise bill priority attention and scheduling these early hearings in the midst of a very heavy and burdensome load of legislative work for all members of the Armed Services Committee.

We are sure we do not have to expand at length to this subcommittee on the need for a pay raise for military personnel. Adequate testimony on the need for such a raise has already been given during these hearings. Military men have not had a raise since 1958. Civil service personnel have had two raises in that time and a third will go into effect January 1, 1964. Congress, of course, would not have voted these raises if it did not feel that they were justified. Cost of living has climbed significantly for the military man just as it has for the civil servant since 1958. While we feel the average increase provided in the pay bill submitted by the Department of Defense—14 percent—is fair, we hope the subcommittee will keep in mind that this is merely the overall average and that in some cases the raise is significantly less than 14 percent.

We recommend that the subcommittee, in adjusting the pay tables, assure that the minimum increase be at least 10 percent. We particularly ask this assurance in instances where compensation systems are changed, such as in section 9 of the bill which would eliminate foreign duty pay. Under the bill as now drawn some long-service career noncommissioned officers who would get a basic pay raise but lose foreign duty pay would get a net increase of only \$9 a month. We would remind you that from the standpoint of the Government's objective in passing this bill—which, as stated by the Secretary of Defense, is to encourage trained technical personnel to make military service a career—a raise of only \$9 a month would have precisely the opposite effect than that intended.

We urge that the minimum raise provided for all those with more than 2 years' service be at least 10 percent.

The association appreciates the statement of February 21, 1963, made by the chairman of this subcommittee, in which he pledged his efforts for an earlier starting date of the pay raise than the October 1, 1963, date originally contemplated in the Defense proposal. We urge that the subcommittee make the bill retroactive to March 1 of this year. As the association's executive committee stated in its statement on the pay bill in January, delaying the raise to October 1, 1963, would be a tragic blow to morale.

The association also appreciates Chairman Rivers' opinion, as expressed in his February 21 statement, that officer subsistence should not be raised without any change in the subsistence allowance for enlisted men. The enlisted commuted ration, now set at \$1.03 a day, has not been increased on a current basis and has actually been adjusted downward. We hope that the subcommittee will raise the commuted ration and ask that this be stated in law to assure that it will be provided. We recommend a ration of \$1.25 per day.

In reference to the recommended basic pay scales, we must record our honest conviction that the recommended increases for senior general officers are too low. If increase on a percentage basis are fair for all others these senior officers, with the enormous responsibility they shoulder in today's cold war, should also have percentage increases averaging 14 percent and not less than 10 percent. We particularly point this out bearing in mind the reports that the proposed subsistence increase for officers are not justified and that only basic pay can be included in computing retired pay.

The Association of Regular Army Sergeants applauds the announcement by Secretary of Defense McNamara that military pay will be reviewed annually in the Defense Department and raises recommended in line with raises for civil service personnel and increases in the private sector of the economy. The executive council of Association of Regular Army Sergeants recommended such a review in its statement on pay issued in early January of this year.

On other changes in the military compensation system proposed in the pay bill draft, the Association of Regular Army Sergeants recommends the following:

Proficiency pay: Addition of a statutory requirement in the pay bill for higher rates of proficiency pay. The Defense Department has never used the proficiency pay authority voted it by this subcommittee in 1958. In order to give the subcommittee's original proposal a fair chance to work, an amendment should be added to the pay bill, requiring the use of the P-3 step with a minimum pay for P-3 of at least \$90 a month. This is still \$60 a month below the \$150 figure originally authorized by this subcommittee. It is impossible to say how effective the proficiency pay authority might be in holding highly trained technical personnel in service until that authority is fully used. There is clear evidence the authority won't be used unless the Congress requires it.

Longevity steps: We wholeheartedly support the additional fogies (longevity steps) for enlisted grades proposed in the pay bill. We feel the cutback of fogies in 1958 in the enlisted corps was a mistake and encouraged the early retirement of many men who might have served useful 30-year careers. We oppose the cutback in the 8-year fogy for

the E-4 as proposed in the bill. That foggy comes for many just before the reenlistment point. We also suggest that the subcommittee consider the feasibility of an additional foggy after 28 years for senior enlisted men (E-7, E-8, and E-9). We feel it would encourage many of these men to delay their retirement from the 26-year point (date of the last foggy in the proposed bill) to the 30-year point, retaining experienced men in service for another 4 years and delaying their eventual addition to the retired rolls.

Sea pay: We have already expressed our feeling that any change in foreign duty pay that means a cut for those now receiving it should be accompanied by corresponding raises in basic pay. We must say, however, in behalf of our fellow noncommissioned officers in the Navy, that cutting out of sea pay is unwise. Duty at sea always entails separation from one's family. It entails special burdens and strains for which the man should always be compensated. We would suggest to this subcommittee that separation from one's family for an extended period—a month or more—is a just criteria for awarding special pay, call it sea pay, remote or isolated duty pay, foreign duty pay, or what you will. We hope that any change in compensation systems for men overseas will always provide for the extra pay historically provided if they are separated from their families.

Retirement computation: We recommend an amendment to this bill to provide that enlisted men, in computing their retired pay, may use their reserve service the same as officers can in making such computations. Mr. Chairman and members of this subcommittee, no item that has been brought to our attention by our members has caused such a morale problem with members of the enlisted corps as this one discrimination. The cost of the change would be minimal. A separate bill to accomplish this needed equity has been introduced by Representative Wilson, a member of this subcommittee, and by Senator Inouye, a member of the Senate Armed Services Subcommittee. This subcommittee could solve the problem quickly with an amendment on this bill.

Retired pay: The Association of Regular Army Sergeants supports the principle of recomputation of retired pay on the latest pay scales for all retired personnel. This historic principle has been in effect since the first retired pay law passed in 1861 and is a right that military men have been led to expect during their entire careers. We are aware of the deep concern of this subcommittee for the long-range cost of military retired pay. We would ask you, however, to carefully consider two points: The comparative cost—the actual cost to the Government of the civil service retirement system, even though it is a contributory system and the impact on military career planning on the determination to make military service a career by those most needed by the Armed Forces of our Nation in these troubled times.

Retirement study: Finally, we urge this committee to undertake a study or to commission a study of the comparative merit, to the serviceman and to the Government, of a contributory retirement system for military personnel. We do not feel this problem has had definitive study and now, with the sweeping changes recommended in the retirement system, is the time for such a study. We are mainly concerned with the military man's equity in his retirement, we are con-

cerned that his retirement should be considered a right and not a privilege, and we are concerned that he is not able to leave any equity in his retirement system to his survivors. We hope the subcommittee will ask itself this question: If the civil service retirement system was not a contributory system, would not a move have been made long ago to change it because of costs, as is now to be done with military retirement? And we ask the subcommittee to consider the case of a 30-year military man who dies in an accident shortly after his retirement. He can leave none of his retirement to his survivors, though a civil servant, in a similar situation, can leave his survivors an equity that is worth many times what he has contributed to the retirement fund. The career, length of service, military retiree is the forgotten man in determining retirement equity. We hope that regardless of the system finally adopted, military retirement will be recognized as earned retirement and the career soldier will be given a just equity in his retirement.

I would like to express my thanks to this subcommittee for hearing the views of the Association of Regular Army Sergeants. Our association is aware that this subcommittee is one of the great bulwarks of military personnel morale and that your members serve on a non-partisan basis for the good of the Armed Forces. It has been a privilege to testify before you. Our association stands ready to help the subcommittee further in any way that it can.

Thank you, gentlemen.

Mr. RIVERS. Thank you, Sergeant Rein. I want to congratulate you on a very fine statement. Thank you for the time and effort you have put into the actual contents of the position of your association.

Mr. GAVIN, do you have any questions?

Mr. GAVIN. I think it is a very excellent statement and very practical and realistic and sound. I heartily concur in the recommendations that he makes. We will give it further study.

Mr. REIN. Thank you, sir.

Mr. GAVIN. I am glad to see a sergeant make such an excellent statement. It gives the general officers the opportunity to hear a sergeant in action, which they sometimes don't have.

Mr. RIVERS. We have the most eloquent one on the committee.

Mr. HARDY. Did Mr. Gavin ever hold a rank in your organization? It seems to me he at least ought to be an honorary member.

Mr. RIVERS. Thank you, Mr. Rein.

Any question by members of the committee?

Mr. GUBSER. I have a question.

Mr. RIVERS. Mr. Gubser.

Mr. GUBSER. May I ask a question, Sergeant, that I would like you to answer as an individual, and not as a representative of your association. Do you want to do that?

Do you look upon the possibility you will receive hospitalization, for yourself, and your dependents, on retirement, as an important incentive for a continuation in a military career?

Mr. REIN. Yes, sir.

Mr. GUBSER. Do you think it is a very important one?

Mr. REIN. Yes, sir. I may need it one of these days.

Mr. GUBSER. Thank you.

Mr. RIVERS. Mr. Blandford.

Mr. BLANDFORD. I would like to ask the sergeant whether the \$1.25 commuted ration for the enlisted personnel was something you agreed upon before you heard Mr. Rivers' statement or after Mr. Rivers' statement?

Mr. REIN. Definitely, sir, our statement was in before Mr. Rivers' statement.

Mr. BLANDFORD. How did you arrive at \$1.25? You can be very helpful to this committee.

Mr. REIN. Mr. Blandford, we sent a study out to the field. We took an average of the answers that came in.

Mr. HARDY. That is about the basis Mr. Rivers had for his figure. I believe.

Mr. BLANDFORD. Mr. Rivers was foresighted.

The point I am making is that you did base this on a sample?

Mr. REIN. Yes, sir.

Mr. BLANDFORD. And the average was that \$1.25 would more nearly approach the actual cost of the food of the individual who was eating home, for one individual?

Mr. REIN. Yes, sir; one individual.

Mr. BLANDFORD. You feel \$1.25 would be a very fair amount?

Mr. REIN. Yes, sir; I do.

Mr. BLANDFORD. Do you think the \$2.57 should also be increased by 26 percent which was the increase in cost of eating out since 1952?

Mr. REIN. Yes, sir; I do.

Mr. RIVERS. Thank you very much, Sergeant.

The next witness is a distinguished representative of the Reserve Officers Association, Col. John Carlton.

Colonel Carlton, you may proceed.

Mr. GAVIN. I note our very good friend, Colonel Boyer, is here this morning. He is usually active and turns in a very fine performance for the Reserve Officers. We have had the colonel before the committee for many, many years.

Colonel BOYER. Thank you, sir.

Mr. RIVERS. Go ahead, Colonel.

**STATEMENT OF COL. JOHN T. CARLTON, EXECUTIVE DIRECTOR,
RESERVE OFFICERS ASSOCIATION OF THE UNITED STATES**

Colonel CARLTON. Mr. Chairman and members of the committee, we appreciate this opportunity to appear before you in connection with H.R. 3006, a bill to increase the rates of basic pay for members of the uniformed services, and for other purposes.

The matter of the compensation and other benefits for the military personnel of our armed services has always been of primary concern to this association. This is not only because it affects officers of the reserve forces who constitute the majority of our membership, but because it is of vital concern to people, who—we contend—are still the most vital instrument of any armed force, notwithstanding the rapid advances of technology in the art of warfare. This, then, is close to the heart of our objectives; ROA was chartered by Congress to work for a sound military policy that will provide for adequate national security.

The bill before you, which was only made public a few short weeks ago when it was introduced by your distinguished chairman, is complicated and lengthy and contains many proposals in addition to an upward adjustment of basic pay rates.

The bill is complicated in some respects and contains a number of unrelated items which tend to make this something of an omnibus bill. We would like, with your permission, to address ourselves to what we see as the major features of the bill.

These are: first, of course, the pay scales; second, the relation of active duty pay to retired pay; third, the relation of active duty pay to Reserve training pay; and, fourth, the timing or effective date of the pay provisions of the bill.

We have been told—and the public has been told—that the Department of Defense proposal is the product of long and exhaustive study by experts in the field of military pay and compensation. It is well known that a study group did labor long and hard, in comparative isolation, to develop a comprehensive pay proposal.

We also know that this study group had as advisers a number of senior, mature, and experienced officers, all retired and of the general or flag rank. We know that the advice of these senior officers was submitted to the Secretary of Defense. We also know that this proposed pay legislation was referred to the Secretaries of the three services and to the military chiefs of the various armed services, all who dissented in varying degrees to many aspects of the bill.

Yet after all of this, we are convinced that the pay scales proposed by the Department of Defense have no relation to those considered adequate by any of these agencies. All these studies, all these expert advices, then, appear not to be reflected in the proposed bill.

We in the Reserve Officers Association have confidence in the judgment of the senior members of the pay study group and the Secretaries and military Chiefs of the services. We do think, therefore, that increases ought to be more on the order of those originally proposed by the pay study group.

It is obvious that the pay scales proposed by the Department of Defense do not represent increases in the magnitude that have been afforded employees of the civil service since the last military pay raise in 1958.

If the civil service pay rates were justified on the basis of comparability with private industry, it appears that military personnel shall suffer even more in comparability with them.

Mr. Chairman, we are aware of the very grave responsibilities placed on your committee—indeed, on the whole Congress, in regard to the fiscal stability of the Government. We know of the tremendous cost of supporting our Military Establishment. But if we are to depend on this Establishment to secure our freedom and that of much of the rest of the world, we cannot do it with second-rate personnel. And we cannot keep and retain first-rate personnel without adequate compensation.

Not only would it be foolhardy to do so, but we cannot in all justice expect them to take the risks of a military career nor expect them to subject their families to the insecurity, separations, and vicissitudes of a military life without adequate compensation. We cannot expect them to live by patriotism alone.

Thus, we urge you, in your experience and judgment, to assure yourselves that the legislation you develop here does provide adequate and fair compensation to these outstanding professional citizens who sacrifice so much and upon whom we depend so much.

To go to another aspect of the bill, we would like to comment briefly on the proposal that "obligors" shall receive no increase in drill pay. It is stated that this "is based on a concept that a reasonable differential should exist between the rates of drill pay for members serving an 'obligated' period of service and those who voluntarily assumed service obligations."

We think this statement falls of its own weight, begs the issue, and is totally unrealistic.

Most persons who have "obligated" service have that obligation as the result of a voluntary action of their own. Even if this were not so, we categorically oppose any action that would put those who fulfill this "obligation" (or privilege as we would prefer to call it) to their country in a second-rate status, financially or otherwise. No such invidious discrimination is made against obligated personnel on active duty. Certainly the application of this discrimination during a reservist's period of obligation will destroy his incentive to continue to be active in the Reserves after his obligatory period is completed.

A proposal roughly parallel to this was submitted to your committee during hearings on the 1958 pay bill, and was wisely and promptly discarded. We trust that it will be discarded again.

We feel most strongly that purely budgetary considerations influenced the Defense Department in its proposal regarding the computation of retirement pay. We agree that the problem of the rising cost of retired pay is one of serious concern. We understand the caution with which the administration and the Congress approach this subject. These appear to be fixed costs that will represent a great burden on the taxpayer. However, we think that the problem has been inflated beyond reasonable proportions. We agree with the Randall Committee that perhaps some of the problem can be solved in other ways by the Department of Defense.

Over the years, there developed in the historic pay structure for the Armed Forces the absolute requirement of an equitable retirement system for people who are exposed to far different problems than any other group in the country. We do not need to remind this committee of the unsettled life of the military and of the financial burdens it places on them. It has long been recognized that "you never get rich" in the service.

It was because of this inability to accrue an estate while in the military, and in recognition of uniformed services as a way of life for both the serviceman and his family, that the historic retirement policy was adopted. A part of that policy has been that a retired person's pay shall continue to be proportionate—depending on his length of service and grade at retirement—to his active duty counterpart.

This has been part and parcel of the deal a man accepts when he undertakes a military career. I am sure if any member of the committee were to ask this of any military man beyond his first hitch, the answer would always be the same—it is and should always be part of the system.

Surely the costs--resulting from World War II, Korea, and the cold war--are high. But a more objective organization, perhaps, than ours, the University of Michigan Study Group, to whom this problem was referred by the Senate Armed Services Committee, stated that these costs should be accepted by the Nation as an inevitable, deferred cost of these military actions to preserve our country. We are inclined to believe that a majority of our citizens would agree with them.

And realistically, the costs are not high, compared to some other governmental programs of perhaps less direct effect on our national defence.

This particular problem suffers also, we think, because of the impression that the only defenders of this system are retired personnel. That is not so. They may be the most vocal, but are by no means the most numerous. As we have said before, every military man on active duty looks to the traditional retired pay formula as sacrosanct. If our military--and military leaders--could say so, they would unanimously agree that this is one of the prime incentives toward a career in the service. To destroy this principle will have a drastic effect on the procurement and retention of our most effective and dedicated military personnel. The retention of this principle would not "lay a dead hand on administration of active personnel." Instead its elimination would lay a dead hand on the conscience of our public attitude toward the military service.

We feel sure that this committee and the House of Representatives agree with us, else you would not have passed H.R. 11318, 86th Congress, which would have restored the relationship of retired pay to active duty pay.

Lastly, and briefly, we see no justifiable reason for deferring the effective date of any pay increase finally incorporated in this measure. Military people are long overdue a raise in pay. To delay it is only to ask those who sacrifice most to sacrifice again.

To conclude, Mr. Chairman, we recommend--

(1) That the pay scales provided the members of the Armed Forces, Regular and Reserve, be determined on the basis of adequate compensation for selected, devoted, professional personnel, who, by nature of their duties and responsibilities and because of the risks and hazards they always face, make personal and family sacrifices beyond that of any segment of our American society, and that these pay scales not be reduced or inhibited by any arbitrary budgetary determination;

(2) That the discriminatory feature relating to Reserve training pay be eliminated;

(3) That the retired pay of military personnel shall now and henceforth be computed on the pay rates authorized for active duty personnel and shall be adjusted accordingly in any future adjustment of active duty pay rates; and

(4) The pay increases provided in your bill become effective on the first day of the month following the month in which it is enacted.

Now, Mr. Chairman, one other request I would like to make. This morning the committee of retired leaders in ROA had a meeting, a breakfast meeting. There were some 70 or 80 officers there, retired officers. They unanimously adopted a very brief telegram, a very

compelling telegram, we think, and dispatched it to us as chairman of this committee and to Mr. Vinson as chairman of the full committee, and we would like to ask you if you would place that telegram in the record. I think Mr. Blandford probably has it.

Mr. RIVERS. It will be placed in the record.

(The telegram is as follows:)

HON. CARL VINSON,
*Member of Congress,
House Office Building,
Washington, D.C.:*

The retired committee and the National Council representing the entire membership of the Reserve Officers Association, meeting in Washington, D.C., this date, voice concern over administration proposals contained in H.R. 3006 now under consideration by your Subcommittee No. 1. The abandonment of the historic relationship between retired pay and active duty pay breaks faith with all military personnel not only those retired, but all who have chosen a career in the armed services. If such a proposal is adopted this action, coupled with corrosions of other time-honored emoluments and perquisites, will eventually destroy military service as a way of life for many thousands of devoted citizens. We urge that the provisions relating retired pay to active duty pay be restored in law as a permanent part of the military pay system for the Armed Forces.

NORMAN M. LYON,
Captain, U.S. Naval Reserve, Retired, Chairman, Committee ROA,
JOHN J. FOSTER,
Major General, AFRES, President, ROA

Colonel CARLTON. There is a very moving article from Readers Digest by Francis Vivian Drake, the military editor of the Readers Digest, who makes a very moving plea for emphasis on men over equipment, and pointing out that the most valuable part of our Military Establishment is personnel.

The committee can file this or place it in the record, whichever you wish, but I wish the committee had time to read it. I know the time is up, and we are not going to take up your time. But we feel strongly on this. I want to thank you for the privilege of being here, Mr. Chairman, and for the courtesy of the committee.

Mr. RIVERS. Without objection, you may put it in the record.

(The article is as follows:)

WE'VE GOT THE PLANES—WHAT ABOUT THE MEN?

Given the present state of the world, we need the Tactical Air Command to protect this country. As a result of a shortsighted economy ruling, our national security is in jeopardy

(By Francis Vivian Drake, military editor of the Reader's Digest)

Late last fall, a group of young men standing watch at a domestic Air Force base sprang into action when phone bells shrilled suddenly and commands rasped from an overhead squawk box. There followed a mass dash for the locker room, a hustle into garish survival suits, the clamping on of chalk-white Martian helmets.

Before the hands of the base clock had jerked ahead an hour, only jet contrails, streaking like ghostly arrows for the West, suggested the whereabouts of the young men. Nineteen flying hours later there they were, transplanted, as if by magic, 10,000 miles to the far side of the earth, braking to a stop on the wind-fogged runways of Okinawa, the free world's island fortress in the East China Sea.

The flight was a practice mission, made no headlines, yet was astonishing on three counts: the planes weren't long-range bombers, they were single-engine

fighters; each crew consisted of but one man, trained to discharge, singlehanded, the functions of a six-man team; each plane, in addition to heavy armament, was fitted to carry missiles and nuclear weapons sufficient to obliterate the toughest military target in the world.

Even more remarkable, this performance, which only a few years back would have been scoffed at as impossible, today is routine (approximately 1,000 flights a year) for the officers and enlisted personnel of the Tactical Air Command, whose top-level training directive reads: "Every plane and air crew is to be ready to deploy on a moment's notice, day or night, in all types of weather, to any area in the world."

So swift has been the transition of the U.S. fighter from a secondary plane into a deadly long-range striking weapon that the public is largely unaware of the priceless advantage that TAC's super planes have added to our national-defense picture. Its space-annihilating Century fighters--the F-100 Super Sabre, RF-101 Voodoo, F-104 Starfighter, F-105 Thunderchief--represent the most versatile airplanes ever devised by man. Although each weighs 15 tons or more, it can outmaneuver anything that flies. The Starfighter holds the world's altitude record of 103,395 feet for operational aircraft, and the Thunderchief has stretched its range to 1,500 miles. (It was a TAC RF-101 that first procured low-level photographic proof of Cuba's missile bases; during that crisis 1,000 TAC fighters stood ready to take off on a moment's notice.)

While the big nuclear bombers of the Strategic Air Command stand as a major deterrent to all-out war, TAC's globe-trotting troubleshooters are prepared to deal with limited or "brush-fire" outbreaks. As an answer to continuing cold-war pressures, a large part of TAC has been integrated into the newly created Strike Command. Headquartered at MacDill Air Force Base in Tampa, Fla., STRIKE includes not only the fighter-bombers but entire airborne divisions--paratroopers, ski troops, commandos, specialists in guerrilla fighting, 150,000 men in all. Each complement is a self-supporting team, trained to operate anywhere in the world, engage the enemy tonight, fighting on anybody's terms, conventional or nuclear.

The Lebanon crisis in 1958 provided a graphic illustration of the effectiveness of these troubleshooters. The Communists, using Iraq as a tool, threatened to take over the whole Middle East and capture the greatest oil reserves in the world. The Lebanon Republic, facing imminent invasion, appealed for help. Within 12 hours and 30 minutes TAC flew 6,700 miles nonstop to the NATO base at Incirlik, Turkey, between Soviet Russia and Lebanon. Before any Communist invasion could get underway, TAC was interlocked with brigades from the Army and Marines, and the forces of the U.S. Sixth Fleet. The enemy threat collapsed in 4 days.

How can TAC's spearhead have such decisive deterrence? The answer lies in its awesome power. The automatic cannon of an F-104 or F-105 fire more bullets in 30 seconds than a 400-man rifle company can deliver in 20 minutes. Against enemy attack-planes, they carry heat-seeking Sidewinder missiles, which pursue a jet and fly up the exhaust pipe. Against tanks and troops they are armed with Bullpup air-to-ground missiles, TNT or nuclear, guided by radio from the cockpit. If the big whistle blows, TAC's bomb racks are already fitted to let fly clusters of nuclear bombs of such power that each fighter can cause more destruction than thousands of World War II flying fortresses.

TAC itself consists of 55,000 men, expertly commanded by Gen. Walter C. Sweeney, Jr., from his headquarters at Langley Air Force Base, Va. Most of the men are stationed in 12 other bases between Florida and California. To keep itself honed to a sharp edge, TAC normally rotates squadrons every 3 months to bases in Italy, Spain, France, Turkey, and Okinawa, sending them off with the same spares and ammunition they would need in case of war. This is an exceptionally difficult job for the young men who fly these long brain- and body-torturing missions.

Aside from being in superb physical condition, a Century-class-fighter pilot is required to be jack of a dozen specialties, and absolute master of all--pilot, gunner, bombardier, engineer, navigator, meteorologist, radar, and electronics expert. His cockpit is a nightmare agglomeration of dials, gauges, controls, levers, gunsights, grips, valves. On either side of him are shelves packed with long lines of switches and buttons, which he has been trained to locate blindfolded. Even his control stick is studded with grim surprises: assorted triggers that operate the plane's weapons. His seat is a rock-hard boatpack, his pillow a parachute, its oxygen bottle digging into his spine. Pouliticed into his survival suit,

he must remain nerveless at all times, for the forces at his command are more deadly than the entire armament of a battleship. So exhausting are the long-range missions that often at journey's end a pilot has to be lifted like a baby from his sonic monster.

Most nightmarish en route job is the refueling operation, which often takes place at night high above a churning ocean. Until 1964 TAC will not have a fleet of KC-135 jet tankers, which can fly fast and high above the weather; it has been obliged to refuel its world-record speedsters from propeller-driven KB-50's, thereby adding risk to an already hazardous procedure. Glutted with fuel, the KB-50's cannot climb above 20,000 feet, an altitude at which dense thunderheads and furious turbulence frequently gang up to challenge man's right-of-way reducing speed virtually to stall point in order to latch onto a trailing fuel line at the tanker's maximum effort—400 m.p.h.

In spite of these and other hazardous procedures, TAC's accident rate is an amazingly low 1 percent per 7,000 flying hours. This speaks volumes both for the caliber of the men who fly the planes and for those who keep their finicky mechanisms in tip-top running order, for without supermen even superplanes are just so much impotent metal.

And now comes the unhappy fact: TAC's manpower outlook is so gravely critical as to give cause for national alarm. Why? The answer is that, despite superlative skills and the intense pride the men take in their work, circumstances are forcing them to quite the service in droves. Shockingly, in the first 8 months of last year, 71.3 percent of the first-term skilled airmen (who maintain today's fighters and should logically become the career men of tomorrow) walked out when their time was up. During the same period more than one-third of TAC's master pilots indicated their intention to resign.

They are quitting for two reasons: the cumulative strain of ever-increasing family separations; and the Defense Department's recent and shortsighted cancellation of per diem allowances for temporary duty, making it virtually impossible for even the most dedicated men to afford to carry on in the service of their country. The drain on family exchequers is eclipsing the patriotic challenge.

On temporary duty (TDY), officers and men are required to make overseas trips lasting for months at a time. Even when they are in the United States the necessity for keeping abreast of the latest techniques frequently takes them away from home for further training. In 1960, F-100 pilots, backbone of TAC, were ordered to spend an average of 168 days away from home; in 1961 the figure rose to 176, in 1962 to 197; the estimate for this year runs to 215 days.

About 98 percent of TAC's combat pilots are married men on whom these absences inflict a double-edged hardship. First, they are seldom around to share in family interests, problems, emergencies. Second, TDY now imposes the additional expense of having, in effect, to maintain two establishments simultaneously. Formerly the costs thus incurred were offset by a special allowance—\$6 per diem for officers, \$1.50 for airmen—which just enabled personnel to scrape by financially. Last July, abruptly and incomprehensibly, the Department of Defense canceled these allowances. The effect has been catastrophic, and from a study of the following outline it is not hard to understand why.

When an officer is ordered on TDY, family expenses go on as before—for, as any housewife knows, savings from having one less mouth to feed are negligible. Rent, utilities, upkeep of home and car remain unaffected by the husband's absence; the necessity for hiring sitters, to release wives for marketing, becomes an extra factor. Official surveys show that TDY today is costing officers \$292 extra per month; in terms of 1963's TDY commitments, that is over \$2,000 per year. So little is left from income (base pay for a captain is \$440 per month, plus \$180 flight pay) that it is no longer possible to make ends meet.

Since the men of TAC are shouldering the overwhelming responsibility of protecting world peace, it is not to be wondered that this shabby treatment has left them with a deep-down hurt. Here are some of the comments taken verbatim during an official survey:

From an F-100 pilot with a B.S. degree in engineering: "If the allowance is not restored, I must, with deep regret, resign my commission. A service career has been my goal for 20 years, but I cannot continue to pay the Air Force for the privilege of living away from my family."

From a major with 12 years' service: "A few years ago it was a privilege to be a fighter pilot. Now I am on TDY approximately 9 months a year, and it is impossible for me to save enough money when I'm at home to take care of added expenses when I'm away."

From a staff sergeant (11 years' service) with three children: "I eat as cheaply as I can on TDY, just one meal a day at snackbars, but even so I can save little to send home. We're just about broke."

From a mechanic (9 years' service): "Each time I've been on TDY it has cost me money, but now the allowance is gone I can no longer afford to stay in. I've been offered a civilian job that pays twice the money for identical work, five days a week, and double on Sundays."

When it canceled the TDY allowances the Department of Defense proclaimed that the cuts would effect a saving of \$3 million a year in TAC alone. Nothing could be further from the truth. Since the measure was passed last summer, the actual loss of taxpayers' investment is heading toward 40 times that figure--the forfeiture of more than \$120 million of skilled manpower.

Few taxpayers realize the sky-high costs they must pay to train topnotch fighter pilots and mechanics. No less than \$202,000 is required to put a lieutenant through 2 years of Air Training Command. After that he graduates to TAC, and by the time he has racked up an average 7 years of service--1,700 hours of fighter time, qualifying him to fly any mission anywhere--the figure stands at more than half a million dollars.

The loss in war readiness when top-trained men walk out, and the consequent loss to our national security, are incalculable. In these times of everlasting Communist-inspired flareups, TAC dares not relax its readiness for a minute.

The time has come for responsible citizens to make themselves heard. They should seek out their Congressmen before it is too late and insist that this un-American "economy" maneuver be revoked and that a squarer deal be granted the men to whom we all owe so much.

Mr. RIVERS. The ROA, as usual, makes a strong and helpful statement. I want to thank you for your contribution.

Colonel CARLTON. Thank you, Mr. Chairman.

Mr. RIVERS. Is Dr. McCrary here?

Dr. McCRARY. Yes, sir.

Mr. RIVERS. Dr. McCrary, we will be pleased to hear you at this time.

STATEMENT OF V. EUGENE McCRARY, O.D., AMERICAN OPTOMETRIC ASSOCIATION

Dr. McCRARY. Mr. Chairman and members of the committee, first of all, I would like to thank you for the opportunity of appearing before you this morning in presenting this testimony.

My name is V. Eugene McCrary. I am an optometrist practicing in College Park, Md. I commenced practicing with my father in Greenville, S.C., in 1950. Subsequently I moved to Maryland. I served as president of the Maryland Optometric Association, a member of the board of examiners in optometry for the State of Maryland, and as optometric consultant to the industrial vision program of the U.S. Naval Laboratory.

My appearance here is as trustee consultant to the Department of National Affairs of the American Optometric Association. In World War II, I enlisted in the Navy at the age of 17 in the combat air crew program. Following my discharge I obtained my professional training as an optometrist and served again during the Korean conflict 2 years as an optometry officer in the Medical Corps of the Navy Reserve.

At the present time I hold a Reserve commission as a full lieutenant. As we understand it, the purpose of this bill is twofold: first, to adjust the compensation of all members of the Armed Forces to bring it up to the increases which have taken place in the cost of living, and second, to provide an incentive for specially qualified personnel to make the military a career.

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There are on active duty in the armed services approximately 400 optometrists holding commissions with ranks ranging from second lieutenant to colonel in the Army and Air Force and ensign to captain in the Navy.

In 1942 when Admiral McIntyre was the Surgeon General, the Navy was the first of the armed services to commission optometrists as Reserve officers in their Hospital Specialists Corps.

By V-J Day there were approximately 135 optometrists on active duty in the Navy with commissions ranging from ensign to lieutenant commander.

The Army, which at that time included the Air Corps, now the Air Force, refused to commission optometrists and permit them to practice their profession. The result was that over half of the optometrists who served in the Army during World War II held commissions in various branches of the Army but were not allowed to practice optometry, although their professional services were badly needed. In order to pretend to provide corrective eyewear for the Army personnel, which included the Air Force, the Army took an assortment of their enlisted personnel, including undertakers, blacksmiths, farmers, and laborers, whom they attempted to train as refractionists in a period of 90 days. They were known as the 90-day wonders.

The situation was so intolerable that, in spite of the strong opposition of the War Department and the American Medical Association, the House passed an Optometry Corps bill without a single dissenting vote and the Senate did likewise. However, the bill did not reach President Truman until after V-E Day, with the result that he vetoed the bill, but only after he had the assurance from the War Department that in the postwar reorganization they would provide commissions for optometrists in the Army as was being done in the Navy.

The result was that, in 1947, Medical Service Corps laws were enacted. These provided for commissioning of optometrists both in the Regular Army and the Regular Navy. Subsequently, the Air Force became a separate Department, and they, too, have commissioned optometrists in their Medical Service Corps.

The fact that optometrists were commissioned during World War II in the Navy is responsible for the fact that many more optometrists continued in active duty in the Navy after V-J Day and the optometric "hump" in that service is in the grades from lieutenant commander to captain rather than in lower grades.

The Army and Air Force, on the other hand, have had difficulty in persuading their optometrists to embark on military careers. It is not in the best interests of the visual welfare of the Army and Air Force that the overwhelming majority of their optometry officers revert to civilian status at the earliest possible moment.

In this day and age of manned aircraft which exceed the speed of sound and are capable of flying into space and returning, not to mention our missile program, there can be no question but that vision is an important factor in the production and operation of our modern weapons and their systems.

Our association has a committee on visual problems in aeronautics and space, the chairman of which is an associate professor of the School of Optometry at Ohio State University.

A member of the committee is Lt. Col. Floyd M. Morris, USAF, MSC, School of Aerospace Medicine, Brooks Air Force Base.

May I quote from the remarks of Major General Kneiss, Surgeon General of the Air Force:

The optometric profession is performing an increasingly important role in the aerospace age. While the research of Air Force optometrists is necessarily devoted to problems related to military requirements, the results of our research may have far-reaching benefits in man's efforts to conquer space.

I would also like to call your attention to some remarks by a former Secretary of Commerce:

I am informed that research by optometric and medical experts in many highly specialized industries has proved conclusively that there is a close correlation between good visual performance and successful working performance on specific jobs. Indeed, a worker with an undetected visual defect can be not only a liability to production, but also a liability to himself and his coworkers. Statistical evidence has come to my attention which reveals that two out of three adults have inefficient vision, which can handicap their work and personal job advancement opportunities.

Millions of dollars have been saved annually by American industry through increased efficiency, eye protection, and qualitative as well as quantitative production.

Beginning July 1 of this year, doctors of medicine and dentistry will be commissioned, originally, with the rank of captain, and, together with the veterinarians, will be drawing \$100 a month special pay.

This special pay was provided by the draft doctors law which authorized the payment of \$100 a month bonus to physicians, dentists, and veterinarians who volunteered for service rather than waiting to be drafted. No doubt some of you gentlemen are thinking that it takes a minimum of 6 years for a physician to qualify for an M.D., or a dentist.

Perhaps you are not aware of the fact that it takes 5 or 6 years, at the college level, for a man or woman to qualify for a professional degree in optometry which is necessary in order to secure an MSC commission. Many of our optometrists have successfully completed more than 6 years at the college level, and yet they are commissioned only as second lieutenants or ensigns. This also results in their being assigned many nonprofessional duties, although their backlog of patients is very heavy.

There is another fallacy which prevails in the Defense Department—namely, that they have an adequate supply of optometrists. It is true that while optometrists have never been drafted under the draft doctors law, to my knowledge, neither have physicians or dentists. Last year it was necessary for our association to assist the Army in their campaign to secure their needed optometric manpower.

The armed services could well use half again as many optometrists as are now on active duty. The reason they are not doing so is because of the difficulty in securing billets, spaces, or slots for them.

The officer strength of the Medical Service Corps is determined, not by the need for optometrists but by the overall need for medical administrators, pharmacists, sanitary engineers, biochemists, physicists, optometrists, and other specialists that are included in the makeup of the Medical Service Corps.

The need for optometrists in civilian practice as well as in the Armed Forces is so great that the States of Florida and South Carolina are offering scholarship grants to high school students who will enter one of our schools of optometry. The House Committee on Interstate and Foreign Commerce, in the 87th Congress, amended H.R. 4999 to provide Federal matching funds for new schools of optometry of the enlargement of the facilities of the present institutions. The bill with this provision in it was reintroduced in this Congress as H.R. 12, and hearings have already been held on it but, so far, no action has been taken by the committee.

Counsel informs me the committee is meeting in executive session this morning.

Let me give you a brief sketch of the educational background of the optometrists who have been commissioned in the armed services during the present fiscal year. Each one has been graduated from one of the accredited schools and colleges of optometry.

They are Massachusetts School of Optometry, Boston Mass.; Pennsylvania State College of Optometry, Philadelphia, Pa.; Ohio State University College of Optometry, Columbus, Ohio; Indiana University Division of Optometry, Bloomington, Ind.; Southern College of Optometry, Memphis, Tenn.; University of Houston College of Optometry, Houston; Tex.; Los Angeles College of Optometry, Los Angeles, Calif.; University of California School of Optometry, Berkeley, Calif.; Pacific University College of Optometry, Forest Grove, Oreg.

I might pause here to mention the fact that the retiring dean of that school is a West Point graduate, class of 1920, who served in both World War I and World War II and is a former president of the American Optometric Association.

And, finally, Illinois College of Optometry, Chicago, Ill. I am pleased to state that I am an alumnus of this school.

Each has had at least 5 years' training at the college level and the great majority of them have had 6 to 7 years' training. Our schools and colleges of optometry have a very thorough and scientific comprehensive curriculum, and I would be very happy to file a copy of the curriculum for the committee's reference if you so desire.

While this presentation has dealt primarily with optometry and those of our profession who are in the armed services, we are not asking for any special treatment in this legislation. We believe that the members of all professions whose special training and knowledge has been gained through 5 or more years of college training should be eligible for constructive service credit purposes of appointment, promotion, and basic pay provided his education is in a field "designated by the Secretary."

The amendments which I suggest are broad enough to cover all of the various categories in the Medical Service Corps of the three services and other arms of the service as well. They are as follows:

Insert after the words "postgraduate degree" where they appear on page 4, line 14, the words "or a baccalaureate or professional degree awarded by an accredited institution, the curriculum of which consisted of not less than 5 years."

The same amendment would be made on page 4, line 21; page 5, line 7; page 6, line 2; page 6, line 15; page 7, line —; and page 7, line 12.

Before concluding, Mr. Chairman, I would like to state I was unable to attend the hearings Tuesday, but following the preparation of the statement which I have just made, my attention was called to the remarks of the chairman Tuesday morning, in which, if I am correctly informed, he said with reference to what degree should be recognized, and I quote, "I do not believe we should delegate this authority. I believe Congress should make the determination as to what postgraduate degrees will be recognized."

Far be it from me to attempt to argue that point with the chairman and members of the committee. But I would like to add if the views of the chairman on this point prevail, I hope that optometry will be one of the degrees specified in the bill.

Mr. RIVERS. Thank you very much, Dr. McCrary.

I can't understand why you are about to give up Greenville for Maryland.

Dr. McCrary. I have to admit when I hear "Carolina Moon," I am overcome with nostalgia.

Mr. RIVERS. We are very glad to have you, Dr. McCrary, and your distinguished attorney, my friend Bill MacCracken, told me he was coming up. We are glad to see you. We are very happy to have your statement. Your suggestions will be taken under serious consideration.

Dr. McCrary. Thank you very much, Mr. Chairman. We feel this item of granting constructive credits will certainly help serve as an inducement to get some of our bright young men to choose military optometry as a career, and it will also help in the retention of our men who are now on duty. We would like very much to maintain a higher level of retention with regard to our optometrists in service, and we feel the granting of constructive service for their professional training would certainly help enhance this retention situation.

Mr. RIVERS. Thank you very much.

Mr. Blandford.

Mr. BLANDFORD. I would just like to make one comment, Mr. Chairman, that the doctor was very kind in his statement that he did not mention the fact that at one time the optometrists were being drafted as privates and were being used as optometrists. With Mr. MacCracken's able assistance we eventually solved that problem.

Mr. RIVERS. I wanted to say that. I am glad you did mention that. He did an excellent job. Your persuasion brought the inequity referred to by our counsel to our attention.

Dr. McCrary. I think it is generally agreed by all three services it was in the best interest of the visual welfare of the services. I think it is also in their visual welfare that this encouragement be given to the men to make military optometry a career. If they can get some constructive credit, as a result of the amendment of this bill, it will go a long way, first to getting the men out of college to volunteer for the service, and secondly, to get those once they are in to stay in. There is a big difference in the pay, and not only in the pay but the extra duties assigned, and one thing and another, between a captain and a second lieutenant.

When they see they are all working in the health field, in the medical service, and when they see their fellows who just had maybe 1 year or at most 2 years more than they did, drawing captain's pay, and being relieved of a lot of duties that they have to take on as second lieutenants and ensigns, it has a tendency to discourage them from making the military a career.

Mr. RIVERS. Thank you very much.

Any questions by any members of the subcommittee?

Thank you very much gentlemen.

The committee will meet at 2 o'clock. We have four more witnesses. I hope we will be able to complete the hearing with the remaining witnesses here this afternoon. We will not meet on Friday. The full committee will meet on the extension of the draft bill. We will meet again at 2 o'clock.

(Whereupon, at 12:10 p.m., the committee recessed until 2 p.m. the same day.)

AFTERNOON SESSION

Mr. RIVERS. The committee will come to order, please.

The next witness we have, Mr. Blandford, is Mr. Lovci.

Mr. BLANDFORD. Yes.

Mr. RIVERS. Is Mr. Lovci here?

Mr. LOVCI. Present.

Mr. RIVERS. Come in, sir, have a seat at the table, sir. How do you pronounce that?

Mr. LOVCI. That is Lovci, it is pronounced phonetically the same as it is spelled.

Mr. BLANDFORD. Mr. Chairman, may I put in the record at this point the statement by Mr. Patten, executive director of the Naval Enlisted Reserve Association?

Mr. RIVERS. Without objection.

(The statement is as follows:)

STATEMENT OF TOM PATTEN, EXECUTIVE DIRECTOR, NAVAL ENLISTED RESERVE ASSOCIATION, ON H.R. 3006

Members of the subcommittee, we in the Naval Enlisted Reserve Association wish to thank you for the privilege of making this statement concerning H.R. 3006, and we do further believe that this presentation echoes the sincere sentiments of all enlisted members in all Reserve components.

Without the use of extensive verbiage, and quite pointedly, we (as enlisted reservists) seek parity in all instances, in this matter, with our active duty counterpart, and also duly express our revulsion at any suggestion, however slight, that there be any differences in the proposed pay scales whether a person be obligated or nonobligated, on active or inactive duty.

Yet we differ with the concepts which caused the proposal's evolvment, and its underlying philosophy—it is quite doubtful that, even with implementation, this bill will (as is presented) enhance the enlisted retention factor. We do offer that the proposal should be projected on a purely humane approach—in other words whether an enlisted person is career bound or not, let this great Nation support him in a reasonable, just manner consistent with the much-heralded prosperity levels in this freedom-loving productive land of ours.

However we measure the serviceman's compensation, however great it be, it will never be great enough; life itself cannot be graduated in terms of "dollars and cents." While we obligate this serviceman through our system of laws for our protection, then in like fashion we must pay for his service and protection—while he remains a part of the services of the United States.

In conclusion we, as enlisted reservists, have faith and pride in this committee's

past efforts on behalf of our servicemen. We are confident that the same will continue in the future, and that enlisted reservists will be assured equitable treatment in all respects in H.R. 3006.

Thank you.

Mr. RIVERS. Have a seat, Mr. Lovci.

Mr. Lovci. Thank you, Mr. Chairman.

STATEMENT OF JOSEPH M. LOVCI, DISABLED OFFICERS ASSOCIATION

Mr. RIVERS. Would you give the reporter your statement?

Mr. BLANDFORD. He has it.

Mr. RIVERS. You may proceed, Mr. Lovci.

Mr. LOVCI. I am Joseph M. Lovci, national adjutant of the Disabled Officers Association. Members of our group have been retired because of line of duty disability. On behalf of the entire membership, I appreciate the opportunity to express our convictions concerning the bill H.R. 3006, a proposed amendment to title 37 of the United States Code.

In some respects, the aforementioned bill is considered forthright and equitable. First, I will make mention of these certain provisions without reference to their placement in the bill.

Rates of basic pay are to be adjusted--this is one segment that warrants our complete support, and I might add, one that is somewhat overdue in light of the general economic situation.

Our stand is also affirmative with respect to the catchphrase title of lines 7 and 8, page 4, of the bill, which provides for "Constructive Service Credit Purposes of Appointment, Promotion and Basic Pay." Likewise, we support certain provisions, other than those enumerated below: imperfections or omissions that are evident in the bill proper are mentioned hereafter.

I urge the inclusion of legislation to return to the realistic and time-honored policy that members of the Armed Forces who have been retired for reason of disability incurred in military service be paid on the basis of 75 percent of the base pay and longevity they would receive, were they on active duty at that time. H.R. 3006 does not satisfy this requirement.

The Career Compensation Act of 1949, Public Law 351, 81st Congress, as amended, initially was heralded as the statute to provide solution for the matter. And it did reasonably well. But it did not, and could not, as written, authorize bestowal of 75 percent of current base pay to many disabled officers who as a matter of material necessity were obliged to request compensation from the Veterans' Administration in lieu of retirement pay, which until recently has been accepted as a deferred income provision attaching to the remuneration of the Armed Forces.

It is now readily ascertainable that this concept of 75 percent of current basic pay for disabled officers has lost much favor in certain quarters but not with our association which is comprised solely of the officer war crippled.

If H.R. 3006 is to be a truly equitable revision of pay, including other important military issues, it is suggested that you seriously consider placing all disability retirees on the basis of 75 percent of current

1958 pay. Disparities occurred in the 1955 Pay Act, some company grade officers were not permitted the small percentage pay increases granted that year solely by reason that they were considered "short service" personnel, i.e., had less than 3 years of active service.

Gentlemen, the service of these officers cannot be reduced to a system of measurement in most cases. Company grade officers, it is generally allowed, are numbered most heavily among the casualties by virtue of the duties which they perform and the hazards which this entails. Should this engender retirement pay discrimination? I earnestly request your exploration and consideration of this situation which I have outlined.

The recomputation pay reform included in H.R. 3006 has been requisite for some time, but yet for some who could benefit from such legislation, nothing is afforded them. Upon enactment of the Career Compensation Act, a proviso was made for those who chose to, that they might elect to receive retirement pay pursuant to the higher scale. Since that time, their choice has in many cases resulted in the receipt of a lesser amount of pay than that to which they would be entitled were they given the chance to again reelect under the 1958 base pay rates.

Is this economic penalty imposed on such individuals a just one—should they be held to a statute which in itself deprives them of reelection rights to which they are presently denied? I believe not. The right of reelection here again is advocated and provides substance for the circumstances which we commended to your attention that it be included in the proposed legislation presently under consideration.

It is interesting to note that the current average Consumer Price Index, which takes for its base the years 1957-59, was reported at 105.4 for the year 1962. But prior to the adoption of this new base, on or about February 1962, the previous base encompassed the 1947-49 period and an average index of 129.8 was recorded for the calendar year 1962.

In other words, a shift to a higher base period was made, thereby tending to show a relatively smaller paper increase in the cost of living. How does this affect our members whose amount of retirement pay is geared to the 1942 Pay Act, as amended, and who have received only the intercurrent percentage pay increases of 4 percent in 1952, 6 percent in 1955, and 6 percent in 1958? In reality these compounded pay increases total 16.85 percent, whereas the Consumer Price Index (1947-49 base) has risen 29.8 percent.

The difference, therefore, constitutes a slide of approximately 13 percent in the purchasing capacity attributable to this form of retirement pay.

H.R. 3006 would authorize a 5 percent increase that by the farthest stretch of imagination, or even through the most adroit manipulation of figures, could not restore to equitable balance this pay situation which has deteriorated so deplorably.

Specifically these excerpts are supplied from the report of the Disabled Officers Association and Policy Committee, in convention assembled, and unanimously adopted at the San Francisco convention on June 29, 1962.

(a) Retirement pay for disability from the Armed Forces shall be

based on the pay and longevity as if the individual was on present active duty. We urge the enactment of legislation to return to the traditional policy that members of the Armed Forces who have been retired for reason of physical disability incurred in the military service, shall be paid on the basis of 75 percent of the base pay they would receive if they were on active duty.

(b) We favor and recommend favorable action on recomputation (equalization) and further, we urge Congress to grant the right of reelection to all personnel retired for disability prior to the Career Compensation Act of 1949, as amended.

(c) All pay increases promulgated and granted by Congress to the Armed Forces in the future shall be granted retired personnel proportionately.

In summation, I particularly invite the attention of this subcommittee to the following items which we believe would indeed provide an acceptable complement toward the perfection of H.R. 3006.

1. Permit the right of reelection to members of the Armed Forces retired prior to enactment of the Career Compensation Act of 1949, and as an alternative, we have (a) but preferably allow recomputation for all members retired under statutes in effect preceding the 1949 act.

2. Alternative to this, it is advocated that a realistic 12 to 15 percent raise be authorized for retirees paid pursuant to other than 1949 act, as amended.

3. Permit the adjustment of retirement pay for certain disability retirees credited with less than 3 years' service who were not accorded the normal pay increase provided by the 1955 Pay Act.

I desire to express my gratitude for this opportunity to appear before the House Armed Services Subcommittee No. 1, Mr. Rivers as chairman.

I invite any questions that might be of interest.

Mr. RIVERS. Thank you very much, Mr. Lovci.

Are there any questions the members of the committee would like to ask?

Mr. BATES. Mr. Chairman, in response to one of his alternative plans here, for those who assume the 1958 rate, plus the 5 percent additional as has been suggested—how does that come out, on a percentage basis?

Mr. LOVCI. Are you addressing me, sir?

Mr. BATES. Do you know the answer?

Mr. BLANDFORD. I happen to have the statistics. It would be interesting—and this is very much in line with what Mr. Lovci is saying—it is interesting to note that in the 1958 pay increase, assuming recomputation is permitted, 50,781 officers will receive an increase in their retirement pay as a result of recomputation, but in the case of 11,558 retired officers, the 6-percent increase that they got in 1958 was larger than the pay increase that they would have been provided under the 1958 pay scale.

Mr. LOVCI. Yes, that is true.

Mr. BLANDFORD. Now, this of course is the figure you want, and it happens to be exactly what Mr. Lovci is talking about, that the great bulk of these people, of the 11,000, 7,773 are captains, 1,837 are first lieutenants, and 1,285 are second lieutenants, but you will be happy to learn there is one major general in that group.

Now, the point of this problem I think has probably been called to your attention by the Disabled Officers Association here today, and previously, and also by a First Lieutenant McCloud, whom I presume is a member of your organization?

Mr. LOVCI. He is a member.

Mr. BLANDFORD. And I might say a very able member from the viewpoint of being able to present the facts and do tremendous statistical studies on this matter.

Mr. LOVCI. A very able member who was seriously disabled in World War I.

Mr. BLANDFORD. I think he feels in his own mind quite justified in taking a strong position that the law does not recognize the man who assumes responsibility and then because he has few years of service is retired for disability in combat.

This, of course, is a part of the pay system. Exactly what Mr. Lovci is talking about here, that a man, particularly in wartime, may go up fast to the grade of captain with 2 or 3 years of maximum service, then when he is retired for disability—and let's forget whether he recomputes at 75 percent or whether he computes on the basis of the degree of disability, because in the cases that you are talking about these people for the most part would still be entitled to 75 percent; that is, maximum retirement.

Mr. LOVCI. True, but his case is an exception to this, and we have others like it, or similar.

Mr. BLANDFORD. I am saying, most of your members are members that are quite severely disabled, and would probably run 60 to 75 percent even under current ratings of disability?

Mr. LOVCI. Well, I would expect.

Mr. BLANDFORD. In the past the pay increases have been so small, because we have not increased the pay of the obligated man, if you remember, the man with under 2 years service, and with only small increases at the early stages, that as a result the cost-of-living increases have always exceeded the increases in basic pay.

Now, their case is valid from their viewpoint, because in many cases these people must go to the Veterans' Administration, where actually the amount of compensation they can draw from the VA is higher than their retirement pay. There isn't any question about it. I don't know what the statistics are, but I am sure there are many of these officers who are drawing compensation from the VA. This would be particularly true of an officer who needs an attendant, or the special provisions for those who are blind, or the paraplegic cases.

Mr. LOVCI. Statutory—

Mr. BLANDFORD. Yes, the statutory extra compensation allowances that are provided.

However, this has been a problem I believe since the first retirement laws went into effect in 1862, that the short-term officer who is paid the lowest—at the lowest rate because pay increases by longevity, then goes out on a lower pay if he is unfortunate enough to be retired for disability very early in his career, because the 75 percent multiplier is always applied to a basic pay scale that is considerably smaller than if then he had stayed on even in the same grade, and continued to serve for 30 years.

Mr. LOVEL. And if I might interject in this particular case, he is deemed 80 percent disabled, of course, which entitled him to 75 percent of retirement pay.

Mr. BLANDFORD. Yes.

Mr. LOVEL. But under the 1955 Pay Act, as you know, there was only a raise of 6 percent for first or second lieutenants and first lieutenants with under 3 years of service.

Mr. BLANDFORD. Yes, I remember it very well.

Again, Mr. Lovel gets into the same problem we face with every single pay bill. The only time that you have complete equality in a pay bill is when you agree upon a flat percentage for everybody regardless of their status—so long as you apply a flat percentage either to their retired pay or basic pay scales, this is the only way you ever get complete equality at least to keep them where they were.

Mr. LOVEL. True.

Mr. BLANDFORD. We did this in 1952, and your people were not adversely affected in 1952, because everybody got a 4 percent increase. It didn't make any difference what law you retired under, you got a straight 4 percent. In 1955, and here we are faced with the same problem again, it was a question of retention. Always looking ahead to the future, of the problem of retaining people. So we made spot increases in the basic pay scales. Here we are doing it again. It is recommended again, because they have got to develop a method that will improve the quality of the people who stay in the armed services.

What your judgment indicates is the same thing that Mr. McCloud who has been writing to the Committee on Armed Services about for—since 1949, to the best of my knowledge, perhaps not quite that early, and I might say, very intelligent letters. He has been complaining that the disabled man, disabled early in his career, must for practical purposes go to the VA and be treated as an enlisted man, even though he assumed the responsibility of an officer.

On the other hand, you can take the position that if he is correct on this assumption, then we should also apply the same principle to the master sergeant, the man who rose quickly from an E-1 to a master sergeant in 2 years, and yet longevity increases there are so insignificant that he too has to go to the VA.

Mr. LOVEL. That was not an exclusion by oversight. But, of course, we do represent the disabled officers.

Mr. BLANDFORD. Yes. What I am saying is this problem is just a built-in part of the problem of the whole retirement system.

Mr. RIVERS. Let's confine ourselves. Let's not get too far off of the things we are talking about.

Mr. BLANDFORD. Well, this is a very important part of it. What I am indicating here, is the reason for the inequality they are telling us about here today, for the disabled officers. There isn't any real solution to it unless you decide to set up separate retirement systems for people retired with short years of service.

To answer Mr. Bates question, the percentage was 11,000 as opposed to 50,000; 50,000 officers would receive increases under recomputation, 11,000 will not receive increases. This is where the cost-of-living increase will be higher than the adjustment in the pay scales.

Mr. BATES. What would be the maximum? Some of those are senior officers, and that would be rather significant.

Mr. BLANDFORD. The maximum for example, the difference for adjusting to present pay scales in the case of the chief of staff, for example, an O-10, the monthly retirement would go from \$1,014 a month to \$1,275 a month plus the 5-percent increase in the bill.

Mr. BATES. That is rather significant for somebody in the senior grades.

Mr. BLANDFORD. The increase will range——

Mr. BATES. Say from O-5, up to there, what would that be?

Mr. BLANDFORD. I haven't got that figure.

Mr. BATES. Is it also in the lower ranks that you have that diversion?

Mr. BLANDFORD. Yes. Basically you will have 108,000 enlisted men who would receive minor increases ranging from \$130 for the E-7, to the lowest which would be \$13 for an E-1, a year. 108,000 enlisted personnel who would do better under recomputation than the 6-percent increase in the cost of living, 37,390 enlisted personnel who do better under the 6 percent cost of living than they would have done if they had recomputed under the 1958 pay scale.

Mr. HARDY. That is the increase in the 1958 pay scale for that particular group was rather small?

Mr. BLANDFORD. That is exactly right.

Mr. LOVCI. Then, of course, you have the factor of the 5-percent increase which is advocated, which, according to the Bureau of Labor Statistics indicates that if you are going to take the compounded increase and compare that to the schedules that they had, that increase hasn't been very great.

Now this is for those individuals who are being paid under laws in effect prior to the enactment of the 1949 Career Compensation Act. In other words, the 1940 or 1942 law was amended in 1946.

Mr. BLANDFORD. The only difficulty in that, Mr. Lovci, which I call to your attention, is if you figure it that way you better take into consideration the 10-percent increase in 1946, which was substantially more than the cost-of-living increase. So to be actually accurate in your comparison, if you go back to 1942, it levels off at a much more significant increase than would appear if you used the date of retirement as the example, that is all I am saying.

Mr. LOVCI. But then we are getting into the recomputation.

Mr. HARDY. We are getting into a detail here now.

Are there any further questions?

Thank you very much.

Mr. Blandford, who is our next witness, Mr. Scanlan?

Mr. BLANDFORD. Mr. Scanlan.

Mr. HARDY. Mr. Scanlan, will you come up, please.

Mr. LOVCI. It has been a pleasure, gentlemen.

Mr. HARDY. Mr. Scanlan, the committee is glad to have you. Have a seat.

You can present the views of the Fleet Reserve Association; we will be glad to receive it.

**STATEMENT OF FRED J. SCANLAN, NATIONAL SECRETARY, FLEET
RESERVE ASSOCIATION**

Mr. SCANLAN. Thank you, sir.

Mr. Chairman and distinguished members of this committee, I am Fred J. Scanlan, U.S. Navy, retired, national secretary of the Fleet Reserve Association, representing our more than 52,000 members, both active and inactive, who are vitally concerned with the provisions of the bill before your committee. I am confident that our association represents the views of a large segment of the personnel of the Navy and Marine Corps.

I have prepared a statement which I would like to present to the committee.

The Uniformed Services Pay Act of 1963, introduced as H.R. 3006, 88th Congress, appears to be an excellent pay bill which, with some modifications, will be of benefit to all members of the Armed Forces, both active and retired.

Certain provisions of this bill will provide incentive which will help solve some of our service-manning problems, provide for reenlistments in critical skills and thereby reduce the costly training programs. We must obtain our recruits from what is referred to in industrial circles as a "seller's market." We must be prepared to pay the price and offer additional inducements which will enhance the possibility of these young men making the service a career.

The Fleet Reserve Association believes that there should be an immediate adjustment in military pay scales to bring them into closer balance with Government civilian pay scales, and those prevailing in private industry.

The so-called fringe benefits for military personnel on active duty, and for those on the retired list, have been seriously curtailed during the past 20 years. The huge chain supermarkets, the chain drugstores and the discount houses equal or surpass our military stores in many items on the market. Hospital benefits, once considered a long-cherished and earned right for those who have served from 20 to 40 years on active duty, are in serious jeopardy because of the permissive character of such services which have crept into the law since 1943. Many of the larger industrial organizations have better retirement and hospital plans for their personnel than those in effect for the military. Our civil service counterparts enjoy better hospital plans, survivors' benefit plans, and take-home retirement pay than do our service personnel. One example of this is a comparison between the civil service survivors' plan and the serviceman's family protection plan: The pay of a Navy commander (O-5) in the medium retired group would be \$504 per month. Under the serviceman's family protection plan he would have withheld from his retired pay \$54 per month; his widow would receive \$225 per month, which would be increased to \$329 per month at age 62, when she qualified for social security benefits. The civil service retiree, possibly in the grade 12 group, would retire in a slightly older age group (55 as compared with the 48 years of a age for the Navy commander). The civil service annuitant would receive \$590 per month. His survivors' benefit plan would cost him \$37 per month, and his widow would receive \$325 per month, regardless of her age at that time.

The Secretary of Defense, Robert S. McNamara, in forwarding the military pay bill, commented on the retired pay situation. He cites the example of a colonel retired on May 1, 1958, after 30 years of service; and a colonel retired on June 1, 1958, the difference in pay between the two officers who have identical services is approximately \$1,000 per year. Are we going to perpetuate this inequity?

We believe the Department of Defense's approach in computing retired/retainer pay is most unrealistic. Every man on the retired rolls and on active duty has been told by the recruiting officials that his retired pay would be based upon the active duty pay scales. I well recall while serving on recruiting duty explaining that fringe benefits, consisting of hospitalization rights, commissary, PX (ship's-store in the Navy) and retired pay based on active-duty pay was partial compensation for the low pay and long and arduous hours of work demanded of the military man. There are thousands of enlisted personnel now retired who earned only \$21 or \$36 per month for many years during the 1920's, the 1930's and early 1940's. It is disheartening to the service man to be told he is expecting too much after he has faithfully completed his part of the contract. By other action the Department of Defense is taking steps to curtail hospitalization privileges for retired personnel and their dependents. The commissary privileges for the military are under constant attack and costs have increased to the point where savings realized in many areas are meaningless. If the faith is not kept with these men then I must predict the present active duty man will think twice before he decides to make a career of the military life.

Gentlemen, we may spend billions of dollars for the best military hardware in the world, but if we do not have the trained and dedicated career personnel to man this equipment, it will not reach its full utilization when it is most urgently needed.

The male citizen who performs no military service has an unfair economic advantage over those who are inducted or enlisted in the military services. Some of these men serve for 2, 3, or more years. Others make the military service their career in the service of their country. The man who stays at home has many advantages in life. He can remain with his family. He can buy a home as he is not on the move every 2 or 3 years. He gets a head start in competing for civilian employment. The career service man can seldom hope to overcome this handicap when he returns to civilian life.

I am quoting herewith from a national magazine, "Newsweek," issue of February 4, 1963. This magazine has a circulation of approximately 2 million, with perhaps a reader coverage of twice that amount:

Around the world, while other Americans clucked over the prospects of a record budget's spending, military servicemen—some 2.7 million strong—gripped that so little of it would boost their pay.

Last week Lloyd Norman, Newsweek's Pentagon correspondent, reported:

The Armed Forces are downright unhappy with Secretary of Defense Robert S. McNamara's new pay bill proposing an average of 14.4 percent increase—at a cost of \$900 million more in fiscal 1964 added to the \$12 billion annual military payroll. The cost of the pay boost beginning October 1 would rise to more than 1.2 billions in later years.

They keep nibbling away at our pay and privileges until we are second-class citizens—

gritted a Navy petty officer in Norfolk.

Talk about segregation. What do you think they are doing to us?

What worried many professional military men is that the servicemen's status is declining not only below the professional, technical, and management personnel in industry, but below civil service.

A reflection of the erosion in the prestige of military service was disclosed in a recent Department of Defense opinion survey. Teenagers ranked military officers with college professors in fourth place on a list of 19 occupations, but equated enlisted personnel in 14th place with bookkeepers and mailmen. Adults rated officers in seventh place between grade-school teachers and farmers, put enlisted men near the bottom with garage mechanics and barbers.

Newsweek, in addition to the above, has commented upon the fact that many service families are living in substandard housing areas and because of limitation of income, would qualify for relief payments. Such startling facts as are brought out in this article present a very poor image of the career military man. It cannot help but have a deleterious effect on our recruitment and manning problems.

Recommendations: Under section 206(a) of title 37, United States Code, commencing in line 1, page 3, of this bill, the Fleet Reserve Association believes that all military personnel ordered to active duty should receive the same basic rate of pay, based on grade and service.

On retired and retainer pay, commencing on line 16, page 11, of this bill, we recommend that retainer and retired pay of the members of the uniformed services be geared to active duty basic pay, the time-honored custom for more than 100 years; that the rates be as prescribed in section 2(a), section 203 of title 37, United States Code, commencing on line 5, page 1, of this bill. That basic pay in future years be not changed; that future increases in basic pay be based on a study of the consumer price index, as set forth in paragraph 1401a, chapter 71, title 10, United States Code, commencing on line 15, page 13, of this bill; and that future percentage increases obtained in this manner be applied to those personnel entitled to retainer and retired pay.

The pay increases recommended in several grades do not compensate for the increase in the cost of living during the past 10 years. Civil Service employees have had several increases in pay since 1952; employees in civil industry have had several increases during this period of time. The union officials are constantly seeking to improve the pay scales and fringe benefits. In furthering this concept of paying an adequate wage for career military personnel, the Fleet Reserve Association recommends an increase of approximately 5 percent for the officers and enlisted personnel indicated on attached enclosure (A).

The Fleet Reserve Association rejects the concept of special pay for duty involving unusual hardship as being unrealistic and very difficult to administer. This type of pay is described on page 13, line 5, of this bill. Instead, we recommend the retention of special pay for sea and foreign duty, page 17, line 6, of this bill and covered in section 305, title 37, United States Code. At present these monthly payments range from \$8 to \$22.50 per month. We further recommend that all warrant officers and commissioned officers in pay grades O-1 and O-2 be entitled to such pay.

Under proficiency pay, as contained in paragraph 240, title 37, United States Code, we recommend that such pay be abolished as it has not accomplished the job it was designed to do—retraining critical skills in the military service. We have received several thousand letters in the past 5 years, including more than 50 percent from those now in receipt of proficiency pay, who are unhappy because of the inversions occurring and the constant fear that their next duty assignment may not carry such an increase and they would be required to revise their scale of living downward. Instead, it is recommended that all personnel, including critical skills, who are in all respects qualified for advancement in grade, be paid an amount equal to one-half the basic pay and allowances which would be due them in their next higher grade. On line 1, page 18 of this bill, we recommend retention of authority for responsibility pay. While the Department of Defense has not used this authority since the passage of the 1958 Pay Act, it may be useful in insuring the retention of officers below flag rank who are contemplating voluntary retirement with less than 30 years' service.

Career incentive payment (reenlistment allowance) as described on page 19, line 3, of this bill: We believe that an increase in the reenlistment allowance or bonus is long overdue. We recommend that the allowance for critical skills be increased from \$2,400 to \$4,000 and be spread over a period of 16 years; further, that the allowance for noncritical skills be increased from \$500 to \$3,000 and be spread over a like period of time. To differentiate so greatly between the two types of career enlisted personnel will certainly result in a decrease in reenlistments of those in noncritical skills.

The Fleet Reserve Association is of the opinion that the subsistence allowance for enlisted personnel should be at the rate of \$2.57 per day. The subsistence allowance currently in effect in some instances is figured at \$1.95 per day.

In paragraph 311(f), section 12(a), chapter 5, title 37, United States Code, commencing on line 17, page 21, of this bill, we recommend that the wording "Secretary of Defense" be deleted and the wording "Secretary of the uniformed services concerned" be inserted.

Effective date: This item is contained on page 39, line 6, of this bill. The Fleet Reserve Association, realizing that an increase in pay for the Armed Forces is long overdue, recommends that the effective date of this bill be January 1, 1963, or the first day of the month following the passage of this bill.

I have appreciated the opportunity of appearing before the committee and expressing the views of the Fleet Reserve Association. I shall be happy to answer any questions relating to any items contained in this statement. I do not have any figures on the cost of some of my recommendations. I believe that the retention of sea and foreign duty pay will not differ greatly from pay proposed for special pay for duty involving unusual hardships.

I am of the opinion that incentive advancement in grade would approximate the present cost of proficiency pay.

(Exhibit A above referred to is as follows:)

EXHIBIT A
Proposed pay rates

Grade	Over 12	Over 14	Over 16	Over 18	Over 20	Over 22	Over 26
E-4	220	230					
E-5	253	294					
E-6	315	325	336	346			
E-7	352	362	373	383	391	420	472
W-1	409	425	441	457	472		
W-2	446	462	478	493	509	530	
W-3	499	514	530	546	567	588	604
O-3	630	661					
O-4	667	698	730	761			
O-5	693	740	798	845	877	913	
O-6	771	798	924	971	992	1,050	1,139

That finishes my statement, sir.

Mr. RIVERS. Thank you very much, Mr. Scanlan.

Are there any questions from any of the members of the committee?

Mr. HARDY. Mr. Chairman, the only question I have, I notice the recommendations for the reenlistment allowance, for critical skills, to be increased from \$2,400 to \$4,000. What is the basis for selecting the figure of \$4,000?

Mr. SCANLAN. Well, it has been \$2,000 for several years, now, for all ratings. On a scale of 20 years, you could get \$2,000. It is about the only time that enlisted men get a sufficient bonus to put a downpayment on a home, or buy a new car. He doesn't have that opportunity as a serviceman, where he would have that in industry where they do pay bonuses occasionally.

I think by phasing him out for 16 years we would keep the people who are borderline cases, who think they may want to quit after 12 years, when they are 30 years of age.

Mr. HARDY. If you phase that over 16 years, I don't know what your maximum payment would be at any one reenlistment. Have you figured that out?

Mr. SCANLAN. No; I believe that would be an administrative problem.

Mr. HARDY. I am thinking in terms of how much it would mean to the individual reenlisted man as he reenlisted. How much would he get in order to make the downpayment on the house?

Mr. SCANLAN. I believe the first bonus should be \$1,000 after completing the first cruise.

Mr. HARDY. It depends on using a figure multiplied by a number of years for service, and related to the number of years in his reenlistment?

Mr. SCANLAN. Yes, sir.

Mr. HARDY. But I was just trying to understand whether you had any basis for this particular figure, or whether this just seemed to you to be a reasonable figure to promote reenlistment?

Mr. SCANLAN. That is right; yes.

Mr. HARDY. Thank you.

Mr. RIVERS. Mr. Bates.

Mr. BATES. No questions.

Mr. BLANDFORD. Mr. Scanlan, you say that in letters you have received from the members of Fleet Reserve about proficiency pay, most of them have complained about it, or are opposed to the payment. We have heard that before.

Would you say most of the complaints are because of the fact the law has not (a) been adequately implemented, or (b) they have to take an examination every year, or (c) they are never sure they are going to continue to get it, or is it the entire concept of proficiency pay they are opposed to?

Mr. SCANLAN. I believe it is the entire concept. Where you have a low-rated man, where there is a limitation in the amount of money available, and you have a lower rated man in a division, one or two, the only two that can get it, drawing the proficiency pay, and some senior-rated men, chief petty officers, or first class, who may be drawing less pay than the second-class petty officers.

Mr. BLANDFORD. Well, aren't you recommending practically the same thing, however, when you say it should be half the basic pay in the next grade?

Mr. SCANLAN. If he is qualified.

Mr. BLANDFORD. What is the difference between half—what is the difference to the man who draws the pay, whether he gets it based on half the pay of the next higher grade or as proficiency pay, it is still a greater amount of money? How does your solution solve the problem of the objections you receive to the concept of proficiency pay? I don't quite follow you.

Mr. SCANLAN. Incentive promotion would be available to all of them.

Mr. BLANDFORD. That is available to everybody now.

Mr. SCANLAN. Well, I am talking about their block by quotas, now.

Mr. BLANDFORD. Well, the law also permits them to pay proficiency pay by giving the pay of the next higher grade, that is already in the law.

Mr. SCANLAN. I don't see it implemented.

Mr. BLANDFORD. Yes, it is in the law. This is probably one of the biggest blank checks Congress ever gave the Department of Defense, and it is one they haven't filled out yet, on proficiency pay.

Mr. RIVERS. I might say, Mr. Hardy wasn't the only one on the committee who belonged to the Fleet Reserve.

Had you finished?

Mr. BLANDFORD. I was going to ask about the \$1.95, when messing facilities are not available, the law says not to exceed I think \$2.57. Are you advising this committee that there are people who are in areas where there are absolutely no messing facilities available whatsoever, and are only drawing \$1.95?

Mr. SCANLAN. No.

Mr. BLANDFORD. Isn't this the case where the man may have breakfast in the messhall and then be assigned to a duty where he gets a pro rata of the \$2.57, and that knocks it down to \$1.95?

Mr. SCANLAN. I wrote to the Department of Defense about it. It is a figure they are using to pay the man terminal leave pay now. They do not pay him based on the \$2.57, they pay him based on the \$1.95, and in figuring his terminal pay. That figure has been in effect, to the best of my knowledge, for over 30 years, \$1.95 a day.

Mr. BLANDFORD. Well, that is a subject that I must confess my ignorance about. If he is getting \$1.95, as a terminal leave allowance, per day, isn't this for quarters and subsistence?

Mr. SCANLAN. Yes.

Mr. BLANDFORD. That is not just subsistence?

Mr. SCANLAN. Quarters and subsistence.

Mr. BLANDFORD. I couldn't figure out where the \$1.95 came in to subsistence.

I have no further questions on that.

Mr. RIVERS. Thank you very much, Mr. Scanlan. We appreciate very much your statement.

The next one is Dr. Hagan.

Dr. Hagan, we will be pleased to hear from you on behalf of the Commissioned Officers Association of the U.S. Public Health Service.

You may have a seat and proceed, sir.

**STATEMENT OF DR. THOMAS L. HAGAN, COMMISSIONED OFFICERS
ASSOCIATION OF THE U.S. PUBLIC HEALTH SERVICE**

Dr. HAGAN. Thank you, Mr. Chairman.

Mr. Chairman and members of this subcommittee, I am Dr. Thomas L. Hagan, retired dental director of the U.S. Public Health Service.

I am indeed grateful for this opportunity to appear before the committee to present the views of the Commissioned Officers Association of the U.S. Public Health Service on H.R. 3006, a bill "to increase the rates of the basic pay for members of the uniformed services, and for other purposes."

The Commissioned Officers Association of the U.S. Public Health Service represents approximately 3,100 members, which number includes over 70 percent of the career active personnel of that service. These members are physicians, dentists, scientists, engineers, nurses, and other categories of professional personnel in the Commissioned Corps of the Public Health Service.

At the outset, the Commissioned Officers Association urges Congress to enact pay increase legislation. The association generally supports H.R. 3006 but feels that in certain areas this proposal will not meet the current needs of the Public Health Service.

The association agrees with that portion of the Randall Committee report which was presented to the President, which states that in order to achieve further feasible reforms, the Department of Defense and other interested agencies will undertake further studies

Looking toward achievement of a pay system which will make it possible (a) to compare total military compensation with total compensation in other pay systems, and (b) to attain comparability between military compensation and other compensation in the broad sense of equality of treatment throughout careers.

The Randall Committee further stated that—

carefully documented annual reviews of the adequacy of military compensation levels can be combined with further substantive studies to accelerate remedial action. Such annual reviews also are needed to give assurance that timely adjustments will be proposed in military compensation which are commensurate with those recommended for Federal civilian compensation.

The proposed increase in the lower grades may help to some extent to solve the recruitment problem at this level. However, the Public

Health Service is faced with an acute problem in the recruitment and retention of experienced scientific and professional personnel to provide leadership for major research and national health programs. This is particularly true at the senior and director grade levels, O-5 and O-6. The Public Health Service Commissioned Corps is unique in that its entire personnel is derived exclusively from professions in which they are trained outside the service and qualified prior to commissioning. Its programs involving extensive research and national health leadership not only require medical and dental competence but engineering, scientific, and related professional staff which are in short supply. In order to maintain the continued high standard of programs vital to the health of our Nation, pay insuring proper recruitment and retention should be provided to these officers. We urge that the committee and the Congress provide higher proportionate increases in the base pay for the O-5 and O-6 grades.

The Public Health Service faces a serious morale problem in retaining its high caliber commissioned officers due to the lack of comparability between the civil service pay system and that of the commissioned corps as has been stated publicly by the Surgeon General and the Director of the National Institutes of Health. The year 1958 was the last in which both the civil service and commissioned pay rates were adjusted. However, as a result of the last of three civil service pay raises since 1958, the final step of which goes into effect in 1964, previous levels of comparability between the two systems have substantially deteriorated. This lack of comparability jeopardizes the essential career system of the Public Health Service when officers who supervise civil service personnel receive \$150 to \$200 a month less pay.

It is further hoped that this committee and the Congress will consider additional pay for scientific, engineering, and other highly trained professional categories in short supply. This will greatly assist the Public Health Service in recruiting and retaining better qualified scientific personnel for longer periods of service. It is suggested that the committee may construct some provisions authorizing the Secretary of the Department of Health, Education, and Welfare, on recommendation of the Surgeon General, to establish additional pay up to \$250 a month, similar in principle to provisions already established in other Federal personnel systems, to provide for these groups. This provision would allow for elimination of discrepancies in pay among officers of allied professions operating at the same echelon.

The relatively higher salaries offered by universities, research centers, and major State and local health departments, for highly qualified biomedical, scientific, and professional personnel, constitutes still another difficulty to the Public Health Service in the recruitment and retention of its commissioned officers. This situation was graphically pointed out by the Advisory Committee on Public Health Service Personnel Systems which was chaired by Marion B. Folsom and contained in the committee report of March 20, 1962.

The Randall Committee report took cognizance of the importance of the Public Health Service situation and listed as one of the further problems deserving consideration "the need for special pro-

visions in the military pay system applicable to the compensation of professional personnel in the commissioned corps of the U.S. Public Health Service."

Mr. Chairman, I would like to enter in the record a short additional statement of some importance.

In committee questioning of certain witnesses yesterday, an observation was made that the nonmilitary groups are the only ones in favor of this bill. Mr. Chairman, as a representative of the Commissioned Officers Association of the Public Health Service, I would like to emphasize that the officers of the Public Health Service are not in favor of all aspects of this bill, nor is the management personnel of the Public Health Service; although Public Health Service direct testimony indicated that H.R. 3006 was a forward step in the resolution of complex pay problems, serious concern exists, Mr. Chairman, with respect to the disparity between the pay of the O-5 and O-6 pay grades, and pay for comparable responsibility level of the civil service grades.

This feature of the bill will provide very little help in recruitment and retention of highly qualified officers who are so sorely needed.

In summary, the Commissioned Officers Association of the U.S. Public Health Service recommends:

1. Increased pay in the O-5 and O-6 pay grades.
2. Provisions for additional pay at the discretion of the Secretary of Health, Education, and Welfare for certain shortage and highly trained categories.

I wish to thank you, Mr. Chairman, for the opportunity to present testimony on behalf of the Commissioned Officers Association of the U.S. Public Health Service.

Mr. RIVERS. Thank you very much.

Mr. HARDY. Let me ask him one question, Mr. Chairman.

Doctor, you referred to testimony, I suppose, from Dr. Diamond?

Dr. HAGAN. Yes, sir.

Mr. HARDY. I just wonder if Dr. Diamond's testimony with respect to the general acceptance of this bill was a reflection—do you have any knowledge whether this was a reflection of any instructions from upstairs?

In other words, I am wondering whether you have the same problem in HEW that the military services have in the Department of Defense?

Dr. HAGAN. Mr. Chairman, Mr. Hardy, I think if there had been time for direct questions of Dr. Diamond you would have received the same kind of comments.

Mr. HARDY. We just didn't ask him the right questions?

Dr. HAGAN. I don't want to be critical, sir.

Mr. HARDY. I am not critical, and I don't want you to be critical, but I want to find out what the situation is.

Dr. HAGAN. I think that is it, essentially, sir.

Mr. HARDY. The aspects of Diamond's testimony showed unqualified support of this legislation as a step in the right direction.

You think that may have been a reflection of top-level policy rather than his own personal views?

Dr. HAGAN. Well, of course, it was an administration bill he was talking to.

Mr. HARDY. Of course, of course, a reflection of the chain of command, I take it?

Dr. HAGAN. Yes, sir.

Mr. HARDY. Thank you.

Mr. BENNETT. Doctor, were you here during most of the hearings?

Dr. HAGAN. Yesterday's hearing, sir.

Mr. BENNETT. Were you here when the Air Force testified?

Dr. HAGAN. I got in the last part of it. I hope I can remember it.

Mr. BENNETT. Do you remember the improved kind of bill he had in mind?

Dr. HAGAN. No, sir; I couldn't hear him very well from where I was sitting. I got in late.

Mr. BENNETT. He had a sanctioning through the Air Force of a number of people, with a bill that came up in two increments. They had a bill something like the bill before us here, and another increment attached to it which was going to go into effect next year, which would lead this committee to have another hearing next year.

It seems to me if you feel this bill needs improvement you might get in touch with the Air Force, because they have been instructed to get this idea over to other branches of the services and let us have the views of other branches of the services.

I would suggest if you really want to improve this bill from the standpoint of improving the amounts, you might find that a possible vehicle by contacting the Air Force and getting their proposed substitute, and then let us have your views on that, as a matter of putting it in the record later on. It seemed to me to be a pretty good idea.

Dr. HAGAN. Thank you, sir. I don't know if the Air Force will give us the bill, but the Public Health Service may be able to obtain it.

Mr. BATES. What is your problem with O-5 and O-6?

Dr. HAGAN. I think Mr. Blandford this morning received from the Public Health Service a statistical chart, if it is the one I think it is, that makes a very definite comparison between the pay grades and the inequity between the pay.

Mr. RIVERS. I have a chart here somebody handed me, Mr. Bates, yesterday.

Dr. HAGAN. That isn't mine, sir.

Mr. RIVERS. Comparing the O-6 with the GS-14.

Dr. HAGAN. Yes, sir.

Mr. RIVERS. It starts off in 1949, and how they were close then, and how the 14 had pulled off to the extent of, oh, I think some \$1,500.

Dr. HAGAN. I think that is what this chart will show, sir.

Mr. BATES. Isn't that the Air Force statement?

Mr. RIVERS. It probably was, yes.

I am going to show this to the committee. Originally it was his idea legislation would keep these two areas very close. Now, the GS-14 has left them.

Dr. HAGAN. That is right, sir.

Mr. HARDY. Mr. Chairman.

Mr. BATES. Was this in General Stone's statement?

Mr. HARDY. I have a chart here that is supposed to be—it hasn't any signature on it—but it is supposed to be the Gorham comparability study.

Mr. RIVERS. Restricted to civil service people.

Mr. HARDY. Yes. It shows a comparison. It is not broken down, where you can get the actual dollars, but it indicates that a GS-14 currently is just slightly above an O-5, considerably below an O-6. An executive GS-14 would be a little more, above the O-5, but still wouldn't beat the O-6.

Dr. HAGAN. I don't have those data, Mr. Hardy, I am sorry.

Mr. RIVERS. I said 14, it was GS-15.

They started back here in 1949, they were pretty close.

Mr. Blandford, do you have any questions?

Mr. BLANDFORD. Only this point, Mr. Chairman, that the Randall Commission indicated there was a problem for the Public Health Service, and I think the problem probably can be summed up by saying that in the Public Health Service more than anyplace else you have civil service physicians, dentists, and scientific personnel—

Dr. HAGAN. Principally scientific personnel.

Mr. BLANDFORD (continuing). Working side by side with the commissioned officers of the Public Health Service living in the same city, doing exactly the same work, and receiving \$3,000 a year more salary. It that about it?

Dr. HAGAN. About it. I think you are essentially correct, sir.

Mr. BLANDFORD. This, of course, is true of the other services, except you don't have such a poignant reminder of it in the Navy, for example, because you don't have a Navy civil service doctor in the same dispensary.

Dr. HAGAN. That is true.

Mr. BLANDFORD. So the problem is the same in the other services. Any doctor today in the armed services can go to the Veteran's Administration, fill out a form 57, and be assured of at least \$2,000 a year more than he is making now.

Dr. HAGAN. That is right.

Mr. BLANDFORD. No matter what grade he is now in.

Dr. HAGAN. Yes, sir.

Mr. RIVERS. Is there anything else, Mr. Blandford?

Mr. BLANDFORD. No, sir.

Mr. RIVERS. Thank you very much, Dr. Hagan.

Dr. HAGAN. Thank you very much.

Mr. RIVERS. Our next witness is the concluding witness, Mr. John Keller.

Is Mr. Keller here?

Mr. BLANDFORD. Yes, sir—not Mr. Keller, but we have a representative from the Coast Guard.

Mr. RIVERS. Come up and give the reporter your name.

Mr. WHITWER. Chief Warrant Officer Whitwer, U.S. Coast Guard.

Mr. RIVERS. Have a seat, sir. You are going to speak on behalf of Mr. Keller.

STATEMENT OF CWO JOHN A. KELLER, U.S. COAST GUARD

Mr. WHITWER. Mr. Chairman, it is a privilege to appear on behalf of Mr. Keller and the Warrant Officers Association.

I would like to enter on behalf of Mr. Keller and the association, an addendum for our statement. I have two copies here, one for Mr. Blandford and one for the clerk, or to whomever it should go.

Mr. RIVERS. All right, go ahead.
(The addendum is as follows:)

This statement is in response to the statement of Hon. L. Mendel Rivers, chairman, Subcommittee No. 1, House Committee on Armed Services, and is in addition to the statement that was previously submitted to this committee.

Our association would like to go on record as heartily approving the following recommendations:

(1) That the H.R. 3006 will be made effective on the first day of the first month following the month in which it is enacted.

(2) That any individual who retires during calendar year 1963 will be able to compute his retirement pay under the new pay scales when they go in effect.

For reasons given in Chairman Rivers' statement both these provisions are most necessary and equitable.

We applaud the increases in the basic pay scales of \$15 for W-1's and W-2's and \$10 for W-3's and W-4's. However, we still firmly believe that the four warrant officer pay scales should be identical to the first four commissioned officer scales.

John A. Keller, chief warrant officer, U.S. Coast Guard.

Mr. WHITWER. I would like to have noted, Mr. Chairman, my service career runs very closely parallel with Mr. Keller from the standpoint of rank, time in service, and general chronology, the fact that we progress generally through the same pattern throughout our past 22 and 23 years.

The statement of C.W.O. John A. Keller, U.S. Coast Guard, individually and on behalf of the Chief Warrant Officers Association, U.S. Coast Guard.

My appearance here, and this statement, is with the knowledge of Admiral Roland, the Commandant of the Coast Guard, I might add at this point.

Mr. BATES. Where is Mr. Keller today?

Mr. WHITWER. Due to illness in the family, he is unable to attend, sir. (Reading:)

My name is John A. Keller, and I am a chief warrant officer on active duty with the U.S. Coast Guard. I appear before this subcommittee of the House of Representatives Armed Services Committee both individually and as an authorized representative of the Chief Warrant and Warrant Officers Association of the U.S. Coast Guard, of which I am the vice president and chairman of the legislative committee. I have served as an active member of the U.S. Coast Guard for 22 years.

I enlisted in the service at the age of 18, at the rank of apprentice seaman, upon my graduation from high school in Lynch, Nebr. It was my intention, as it still is, to make my career in the Coast Guard and to serve my country as an active member of this service. After 18½ years as an enlisted man, I was appointed to the rank of warrant officer. During that time, I served in various parts of the United States and the Pacific area.

The Warrant Officer Corps makes up approximately one-fourth of the officer corps of the U.S. Coast Guard. It takes an average of 15 years for an individual to attain the rank of warrant officer in the U.S. Coast Guard. Many serve as long as 18 or 19 years before attaining that rank.

By this time, each individual is proficient in at least one specialty with many years of practical experience.

These specialized experiences are both vital and necessary to the Coast Guard in order to carry out its functions in the realm of national defense and domestic protection.

The Coast Guard warrant officer carries responsibility with his rank equivalent to that of higher officers in the armed services. Warrant officers in the Coast Guard serve as commanding officers of certain types of buoy tenders, lightships, and harbor tugs. They also serve as commanding officers of supply depots, radio stations, group commands, and lifeboat stations.

Yet for all this responsibility under the present pay status they are compensated at substantially lesser rates than those of individuals serving in the armed services holding comparable commissioned grades.

Although commissioned officer grades and the corresponding warrant officer grades have identical entitlement to quarters allowance and weight allowances for shipment of household goods, the warrant officer is discriminated against in the pay scales. For although the individual assignments and responsibilities generally are the same as higher ranked officers both in the Coast Guard itself and the other services, his rate of pay is significantly less.

On behalf of the Chief Warrant Officers Association, it is our feeling that there is a definite need for a revision in the basic pay scales of the Armed Forces. Specifically, the Chief Warrant and Warrant Officers Association believes that it would be fitting and proper that the basic pay scales of the warrant officer grades be made equivalent to those of the first four officer grades, i.e., W-1 equivalent to O-1; W-2 equivalent to O-2; W-3 equivalent to O-3; and W-4 equivalent to O-4.

In order to correct this apparent inequality, we submit that there should be a revision in the basic pay scales to reflect compensation for the warrant officer in the Coast Guard equivalent to his line of responsibility and his tenure as a member of that organization.

The warrant officer, in general, has been neglected in the field of equality of pay. Some services, such as the Navy, have seen fit to phase out the warrant officer and to substitute his duties with that of a limited duty officer. However, it is my understanding that the policy of the U.S. Coast Guard is to keep its Warrant Officer Corps as an equivalent part representing approximately 25 percent of its commissioned officer corps. Under the present situation, men serving in the grades of E-8 and E-9 can and do draw salaries higher than those of Coast Guard warrant officers under whom they serve in the various responsibilities of the Coast Guard.

In order to attract the best caliber of men to serve in the Warrant Officer Corps of the Coast Guard, and to serve as warrant officers in all of the other services, it is necessary that their basic pay rates be more equivalent to what they could earn as civilians.

We further believe that retired pay should be directly related to active duty scales. To omit a provision of this kind would be to discriminate against retired members who have devoted their lives and energies to the service of their country both in times of peace and war in harrying occupations.

I would like at this point to read from the addendum. However, it has been provided for the record.

In conclusion, may I express my humble appreciation and gratitude to this esteemed committee and its honored members for listening with such patience to my statement. I sincerely hope that my single voice will not be drowned in the sea and the multitude of the other witnesses appearing before this Commission.

Respectfully submitted,

JOHN A. KELLER,

Chief Warrant Officer, U.S. Coast Guard, Vice President, Chief Warrant and Warrant Officers Association, U.S. Coast Guard, Chairman, Legislative Committee, Chief Warrant and Warrant Officers Association, U.S. Coast Guard.

Mr. RIVERS. Thank you, Mr. Whitwer. It looks like we have gotten a lot done that you wanted done.

Mr. WHITWER. Yes, sir, you have.

Mr. RIVERS. We have got down to 3 and 4.

Mr. WHITWER. Yes, sir.

Mr. RIVERS. How much did our revised bill allow?

Mr. BLANDFORD. I think actually it was more--it was merely an oversight on the part of Mr. Keller. He did not include the endorsement I am sure of moving the \$685. of the W-1, back to the over-26 point. I assume you are not opposed to that.

Mr. WHITWER. No, sir; Mr. Blandford.

Mr. RIVERS. You don't object to that?

Mr. WHITWER. No, sir; I think Mr. Chairman, our endorsement here is far short. We heartily agree in many other instances. Mr. Keller was attempting to keep this brief and touch on the major points.

Mr. RIVERS. I was impressed with a letter sent to me by one of your organizations from Baltimore. It brought out the problem of E-9's, Mr. Blandford. I wish you would explore that.

Mr. BLANDFORD. This will not be new to the Coast Guard Warrant Officers Association. I might say in preface to my remarks, that strangely enough this little organization consisting I think of about 1,900 members out of a total of about 2,100 warrant officers in the Coast Guard, almost singlehandedly convinced the Department of Defense and this committee that we should have a Warrant Officer Act which this subcommittee wrote in 1954.

All other warrant officers have benefited as a result, because the warrant officers never had a statutory promotion system, they had no guarantees, no guaranteed consideration for promotion, now they have.

However, the Warrant Officer Act is the basis for the alleged discrimination in the pay scales now. Remember, we wrote the Warrant Officer Act in 1954. We created the E-9 and E-8 grades in 1958.

Mr. RIVERS. That is right, we wrote that.

Mr. BLANDFORD. The E-8 and E-9 grades were to relieve a tremendous compression in the enlisted grades where there was no place for the enlisted man to go, and the average man was obtaining a grade of E-7 at about the 12-year point.

Therefore, he was losing interest. He couldn't go beyond that. So we created E-8 and E-9 grades.

Prior to that, in 1954, for the first time in the history of warrant officers, and parenthetically I might add warrant officers are even older than commissioned officers in history—that the warrant officers had no guaranteed statutory promotion system. So we provided in the law that for permanent promotion they would serve not more than 3 years as W-1, not more than 6 as W-2, not more than 6 as W-3, and 6 as W-4, and then we also said that upon the completion of a total of 30 years of service—60 days after completing a total of 30 years of service, warrant officers must retire. That is the reason that we suggested that the increment be moved back to the over-26 point.

Now, we wrote the Warrant Officer Act in 1954. At that time it was our intent, and I must say that this has never been implemented by anyone except the Marine Corps to any extent at all, but it was our intent that the warrant officer program would be available to an enlisted man who had about 6 or 7 years of service. He could then elect to choose whether he wanted to go into a career as a warrant officer. He might want to go in to OCS. He might want to go into the Navy LDO program if in the Navy or Marine Corps, or he could continue on in the enlisted program and get the highest enlisted grade. But the warrant grade was supposed to start with W-1, with about 6 or 7 years of prior enlisted service. This was fine, and everybody thought it was a great idea, except that no one paid any attention to it, because they are still commissioning people as W-1's with 17, 18, and 19 years of service.

Now to the best of my knowledge, there is no reason why they can't commission a man as a W-2, or W-3, if necessary, in order to make

this law intelligently administered. But the discrepancy between the E-8 and E-9, and the W-1 and W-2, is because they are making them warrant officers, when they have many years of enlisted service, and they are not implementing the law which contemplated that these warrant officers would be made at about the 6- or 7-year point, when they would be E-4's, not E-7's, 8's, or 9's.

Today a man who wants to become a career serviceman, should make up his mind whether he wants to become a career enlisted man, and he can go up to the E-9 grade, with a maximum pay of \$560, or he can decide he will become a warrant officer. It is harder to get, but he can go there because maximum pay under the proposal is \$685, or he can try to go to OCS, where he takes his chances as a commissioned officer, but the pay scales that were written in the law are geared to the implementation of the program, and frankly I submit that it would be impossible to equitably write a pay scale to fit a situation that has been created by poor management.

Mr. RIVERS. Well, I will tell you, the Navy is getting ready to do away with the warrants.

Mr. BLANDFORD. And the Marine Corps is expanding.

Mr. RIVERS. The Marine Corps is expanding; yes, that is correct.

Mr. BLANDFORD. Yes.

Mr. RIVERS. I was more impressed that the need was in the Coast Guard.

The Coast Guard has these little stations all over the United States, on the mainland, in Alaska, Hawaii, and everywhere. Some of them are in charge. This was brought out, and it is indispensable to the Coast Guard. It impressed me very much, what you said.

Mr. WHITWER. Thank you, sir.

Mr. RIVERS. No branch of the service has really got the service out of the "warrant" rank as has the Coast Guard. I hated to see it phased out in the Navy. If you can't use them, they must have a reason for it.

It brings me to this. In the development of the philosophy of your retirement, pay and everything, you don't have anybody really plugging for you, when these things are written. Like, for instance, you come here, about this business of the pay.

Mr. WHITWER. Yes, sir.

Mr. RIVERS. I feel very strongly about what you have said.

Mr. HARDY. I think Mr. Blandford put his finger on the problem; it is more a problem of administration.

Mr. RIVERS. There is poor administration all over the lot. You take the \$1.03, for enlisted men, that is the silliest thing I ever heard of.

Mr. WHITWER. Mr. Chairman, we felt that we did have an area in which you, the committee, might be interested in knowing where there were some problems, and we presented it sincerely, and, I hope, effectively. We do not hope for a final resolve of a problem of this kind on a minute's notice, but we would like to get it in the record.

Mr. BLANDFORD. Mr. Chairman, I would like to suggest that if the Coast Guard or the Army or anyone else wants to solve the warrant officer problem, and put the warrant officers on an equitable basis, that they merely have to accelerate the promotion points. This is not new. Temporary promotion has been with us for many, many years, now. If they want to bring the warrants up faster, so that they can achieve

the higher pay to put them on a parity with the officer scales where they really belong, that all they have to do is make them eligible for promotion that much sooner, and they have solved it. You don't have to write a new pay scale to do it. This a question of administration.

Mr. WHITWER. Mr. Blandford, our promotion schedule now is in line with what you recommend now, 2, 4, and 4, as against the maximum 3, 6, and 6. I presume you know this?

Mr. BLANDFORD. Yes, I do.

Mr. WHITWER. They gave us the benefit of the doubt on that point; at least to this point.

Mr. BLANDFORD. They are trying to solve the problem. So actually you will eventually, when you move into the \$685 maximum for a W-4, be very close to the O-4 grade?

Mr. WHITWER. Yes, sir.

Mr. RIVERS. I still think I don't like that E-8 and E-9 being the highest rate of pay.

Mr. HARDY. Mr. Chairman, that wouldn't make any difference. If the E-8 and the E-9 are supposed to be comparable with a higher level of the warrant officer than the W-1 and W-2, that is where the problem is.

Mr. BLANDFORD. Not only that, but you see every second lieutenant—

Mr. RIVERS. A warrant officer is not an enlisted man. An enlisted man gets more than an officer. It just doesn't make sense to me. Maybe you can persuade me at some other time.

Mr. BLANDFORD. If you will look at your pay scales, you will see there are many, many enlisted men who draw twice as much as the second lieutenant.

Mr. RIVERS. They are worth more than the second lieutenant fresh out of college. You can't compare them with a warrant officer or a boatswain's mate, to save your life. You know god and well you couldn't compare an ensign with a boatswain's mate.

Mr. HARDY. You let the man get more than a commissioned officer.

Mr. RIVERS. He is entitled to more in that case.

Mr. WHITWER. Our sole defense in anything we have ever tried to do has been the fact that we feel that we have something to offer to our organization, and constantly try to offer it to our best.

At some point in a man's career, presently in the Coast Guard, at about 12 to 15 years, he must make a decision whether to become a warrant officer or an E-8 or E-9. Now, if he continues in the E-8 and E-9, he continues to develop his technical skills, he does not take on any additional command. He takes on no command responsibility—none of the responsibilities of an officer, even though he be a junior type officer.

Mr. RIVERS. I think Mr. Bates agrees with me. The Coast Guard is giving us extremely valuable service.

Mr. WHITWER. Thank you, sir, for the kind words.

Mr. RIVERS. I think I would like some time for somebody to tell me how many Coast Guard stations we have got in this country; everywhere you look they have a station. They have these boats running over every harbor in America. I get this thing from the Merchant Marine Committee, where I am a very unimportant member. I know a little something about what you people do.

I think the Coast Guard, Mr. Blandford, as you have observed, does a wonderful job.

Mr. GUBSER. I wonder if, in a short period of time, you could explain the difference between the Coast Guard retirement system and the Army, Navy, Air Force, and Marine Corps retirement system.

Mr. WHITWER. The retirement system?

Mr. GUBSER. Yes.

Mr. WHITWER. As applied to the Officer Corps?

Mr. GUBSER. Yes.

Mr. WHITWER. As far as I know, the laws and regulations governing are the same. There may be some difference in the other service as far as implementation of this is concerned. I couldn't testify to that.

Mr. BLANDFORD. There is one difference to which I think Mr. Gubser is referring, that is one the GAO brought out not long ago, that a commissioned warrant officer, temporary commissioned warrant officer, for example, who holds a permanent enlisted status, or even a temporary officer in the Coast Guard, which I never knew until I read about it the other day, a temporary commander, Coast Guard, or Coast Guard Reserve, who had held a permanent enlisted status, and had a 4-O record for this whole career, draws 10 percent more retirement pay because of his having held this enlisted status, than the commander who graduated from the Coast Guard Academy.

Mr. GUBSER. While you are on active duty you, of course, are entitled to use the facilities of the U.S. Public Health Service.

Mr. WHITWER. Yes, sir; and under medicare, other military medical facilities.

Mr. GUBSER. What medical benefits do you have as a retiree, if any?

Mr. WHITWER. In the present progression of things, I will be entitled to less as time goes on, with the present programing for new hospitals and that sort of thing. I am about, I figure, 61½ years away from retirement, but I feel our medical benefits will be far less if the present trend continues, when I retire, they will be less than they are now. I will be allowed hospitalization and medical care for myself and my wife at this point.

Mr. GUBSER. You have a Public Service Hospital; is that right?

Mr. WHITWER. Yes, sir. I believe I would still be able to go to the nearest medical facility, Government medical facility, on this basis.

Mr. GUBSER. In other words, a person who is now retired from the Coast Guard, has the right to go to the nearest Government medical facility, is that right?

Mr. WHITWER. I know he has the right to go to the nearest Public Health Service facility, and I believe this active duty privilege extends into his retirement.

Mr. BLANDFORD. It is now true, Mr. Gubser. We wrote the Medicare Act here, if you remember, and there was some confusion several years ago when Coast Guard personnel had to go to Baltimore to go to the Public Health Service with the main Navy dispensary sitting down on Constitution Avenue. We finally got that squared away. Now, all members of the uniformed services may use medical facilities under the jurisdiction of the uniformed services.

Mr. WHITWER. Even into retirement.

Mr. BLANDFORD. Yes, on a space available basis. How much space will be available, is something else.

Mr. WHITWER. Yes, sir.

Mr. RIVERS. Thank you very much.

Mr. WHITWER. Thank you, Mr. Chairman.

Mr. RIVERS. Mr. Blandford, this is the last and concluding witness?

Mr. BLANDFORD. Yes, sir.

Mr. RIVERS. We will have a full committee meeting tomorrow. I don't think we can conclude the draft tomorrow, do you?

Mr. BLANDFORD. No, we won't complete it probably until Tuesday.

Mr. GUBSER. I would be interested in knowing whether the full committee is going to meet Saturday.

Mr. HARDY. Mr. Chairman, before we adjourn, we have requested certain documentation which I trust will be forthcoming before very long. I have received a copy of a communication from Admiral Settle, expressing his dissent from certain recommendations, which I would like to turn over to Mr. Blandford.

I also have before me a document which purports to be the section on comparability from the study. I turn that over to Mr. Blandford for his perusal. It has charts, Mr. Chairman, of comparability, which don't seem to me to jibe with the ones that you had here a moment ago. I believe they are in the data either presented or requested, which was information with respect to the projected cost of the retirement system under this proposal in 3006. I believe there is also some information concerning what the projected cost would be if the recomputation on the basic rates were provided all the way down the line, instead of cutting off with the ones before the 1958 act.

There has been a question in my mind, and I am not sure whether this has been requested, but there has been a question in my mind as to the current cost to the Government, projected cost, of the civil service retirement. Has there been any request for that, Mr. Blandford?

Mr. BLANDFORD. Not to my knowledge. The only thing, as I understand the situation—I may be incorrect, but I have read portions of the report—the contribution for civil service retirement comes nowhere near establishing the fund that will be necessary to pay civil service annuitants, because there are constant additions made or benefits granted under this program, such as guaranteed minimums, when there are increases, that were never covered by the annuities.

Mr. HARDY. That is what I understand. That is the reason I raised this question, because if we are going to talk about the projected cost of military retirement, using a recomputation on the changes in basic pay, then I think we ought to have before us at least so that we will have all of the factors to consider—we ought to have before us a similar projection of the cost to the Federal Government of civil service.

Mr. RIVERS. Well, for a million people, I think that is about how many there are, the cost is about—here it says 1.38 billions in 1958. Estimated annual cost of the military increase is practically 1.2. It covers 2.68, is that right?

Mr. BLANDFORD. Well, 2.68, would be the active duty force. What you have are approximately 350,000 people now in the retired list at a cost of \$1,020 million.

Mr. RIVERS. This that I have, in order for the military pay increases to be comparable with those already enacted for the civil service, their annual cost should be approximately 2.68 times 1.38, or 3.7 billion.

Mr. HARDY. That is an annual cost.

Mr. RIVERS. Yes.

Mr. HARDY. I don't know what the source of that is.

Mr. RIVERS. I would like for you to see this.

Mr. HARDY. Since we are not going to meet for a while, I think if we could have as much of this data assembled as we can it would be helpful.

Mr. BLANDFORD. I will try to get the information for you, Mr. Hardy. The problem, of course, is, you are comparing—

Mr. HARDY. Apples and peaches.

Mr. BLANDFORD. That is right. It is possible to retire in the civil service with only 5 years of service. Then we have different retirement ages.

Mr. RIVERS. The Post Office has about 15.

Mr. BLANDFORD. Yes. The difficulty is, for example, when you project a cost for a chief petty officer who retires at the age of 38, and transfers to the Fleet Reserve, then the cost of that man over his life expectancy is going to be considerably more than one who retires at a later age.

Mr. HARDY. I think we need to recognize these facts.

Mr. BLANDFORD. I will try certainly to get as much as I can.

Mr. RIVERS. You can find out what the civil service annual cost is.

Mr. BLANDFORD. I think you will find—I am not sure you will find—you will find out what the Government pays out, but whether you find out how much the Government has to contribute in order to come out even for just the payment that year is something else.

Mr. HARDY. Somebody must have made an actuarial projection.

Mr. RIVERS. I think so, too.

Mr. BLANDFORD. I would assume so.

Mr. RIVERS. See if you can find out.

Mr. Blandford, thinking out loud, we may have to have another meeting with Mr. Paul.

Mr. BLANDFORD. We haven't covered the proposed family separation allowance. We have not even discussed the readjustment pay for regular enlisted personnel who are separated or who are not recalled. And we actually did not discuss with Mr. Paul retirement costs, and I think that perhaps between now and Tuesday, with this much notice, that they may be able to get some figures on retirement, such as Mr. Hardy and you have suggested, Mr. Chairman, so that we could have as much information on this question of projected retirement and civil service retirement as we can possibly get together to make some sense out of it.

Mr. RIVERS. You do the best you can.

Mr. BENNETT. Try to find out about that comparability study, see how much this will cost, for the Air Force.

Mr. BLANDFORD. I was told, I don't know how correct this is, service which is the first increment would cost about \$40 million, but the

second increment would go over a billion dollars. I don't know if this is correct or not. It is a rather staggering sum.

Mr. BENNETT. Let us make it comparable. We voted very glibly for the civil service people.

Mr. BLANDFORD. You get into the same problem Mr. Hardy indicated, comparing apples with peaches. This is where I always get lost on a comparison study. I know there are GS-15's working for colonels, and I know the GS-15's make more money than the colonels. Maybe the reason why the GS-15's are working for the colonels, is there is a general in charge who wants a colonel running the shop, and he doesn't want a GS-15 running the shop, which is understandable in a military organization. But in my own mind, I find it difficult to try to correlate even the civil service rating.

I grant you it is easier to compare civil service ratings than it is with industry, but I don't know whether a GS-3 is comparable to an E-1, E-2, E-3, or E-4. I don't know what to compare it with.

Mr. BENNETT. There is one thing pretty clear, after these hearings, and that is we have rather generously, and I don't think there is any doubt about it, treated the civil service employees, and here we are taking a rather niggardly approach to the military. Frankly, I can't quite understand it.

Mr. RIVERS. What we do—it is clear to me, as it is clear to Mr. Blandford, where he first went over this thing. The first crack out of the box Mr. Blandford increased this bill \$289 million, even to get it where we could look at it.

Mr. BENNETT. I still think it is too little.

Mr. RIVERS. This bill was written with one eye on the budget.

Mr. BLANDFORD. I think, Mr. Chairman, there can be no question about that. We face this now, as we did in 1949. We always face the question of how far can you go beyond the amount of money that is presumably contained in the next year's budget. It constantly faces us.

Now, Mr. Bennett's point, and I think the point where you can make a comparison, is that you can look at the pay of, say, an O-5, with a GS-14, as it was, say, in 1949.

Mr. RIVERS. That is right.

Mr. BLANDFORD. Then you develop the spread

Mr. RIVERS. That is what I have in my hand.

Mr. BLANDFORD. The difficulty with that is, I suppose, the Federal employees' representatives could come in here and say, "Well, has it ever occurred to you that the civil service was grossly underpaid for all these years?"

Mr. RIVERS. I had a magazine come to my office this morning, and I open my mail early, before anybody out here ever gets up, and I saw on the front of it, as long as there is inequity in the pay of the postal employees, there is a need for a union to represent them.

Mr. BENNETT. You also have to remember, tomorrow we are going to be considering the draft.

Mr. RIVERS. That was quite interesting. And the postal employees, I don't think they have had an increase in 3 or 4 months. [Laughter.]

What is it you started to say?

Mr. BLANDFORD. The situation is going to be a very lot worse in 1964, believe me.

Mr. RIVERS. The only people I know who are not entitled to an increase are the Members of the Congress.

Mr. BATES. That is right.

Mr. BLANDFORD. And their staffs?

Mr. RIVERS. And their staff.

Mr. RIVERS. The committee will be in recess until the call of the Chair.

Mr. Blandford, do what you can.

Mr. BLANDFORD. I will do what I can.

(Whereupon, at 3:45 p.m., the subcommittee adjourned until the call of the Chair.)

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
SUBCOMMITTEE No. 1,
Washington, D.C., Tuesday, March 5, 1963.

The subcommittee met, pursuant to adjournment, at 10:40 a.m., in room 313-A, Cannon Office Building, Hon. L. Mendel Rivers (chairman of the subcommittee) presiding.

Mr. RIVERS. Let the committee come to order.

Members of the committee, we are continuing the hearings on the H.R. 3006, the military pay bill. Last week we completed our testimony of both the Department and the other witnesses, and this morning we want to begin the reading of the bill in executive session.

This morning we are pleased to have the distinguished Secretary for Manpower, Mr. Paul, to sit with us while we begin the reading of the bill in the hopes that we can, this morning, complete our understanding on some areas that are quite vital to the bill.

Now, Mr. Blandford—

Mr. BLANDFORD. Yes sir. Do you want to use the committee print or use the bill as introduced?

Mr. RIVERS. Why don't we take the committee print?

Mr. BLANDFORD. All right, sir.

Mr. RIVERS. Now, Mr. Blandford, you take up right there.

Mr. BLANDFORD. In the interest of time, Mr. Chairman, and in order to make some policy decisions that have to be made here, of course, the first correction that has been proposed in the pay scale deals with the pay for professors at West Point. This is a simple correction.

The amount recommended at the end of 36 years of service or over 36 years of service is \$1,245, which would be \$10 a month more than a brigadier general makes, and because the man is still a colonel it is suggested that that amount be reduced to \$1,235, which would be the maximum amount of pay of a brigadier general.

Mr. RIVERS. That is in our print.

Mr. BLANDFORD. Yes, sir.

Mr. OSMERS. Mr. Chairman, an inquiry. What page?

Mr. BLANDFORD. Page 2.

Mr. BATES. What is that change?

Mr. BLANDFORD. There isn't any line on it. So under the small print, under "Years of service" under the 0-1, down halfway on the page when it says "While serving as a permanent professor at U.S. Military Academy or the U.S. Air Force Academy, basic pay for

this grade is \$1,165, if the officer has over 31 years of service computed under section 205 of this title, etc."

Mr. RIVERS. Has everyone got a copy of the committee print?

Where is that on page 2?

Mr. BLANDFORD. There isn't any line.

Mr. OSMERS. Above "Warrant officers."

Mr. BLANDFORD. Yes, thank you.

Now, you will recall that the Coast Guard asked for identical authority. Unfortunately, I do not have a comparison of Coast Guard laws with the Military Academy, and as a result I think personally it would be an error to attempt to extend to the Coast Guard a benefit that is intended for West Point when we don't know what the Coast Guard retirement laws are.

This is another one of the problems that we always run into.

Mr. RIVERS. Have we ever attempted to legislate in the Coast Guard area?

Mr. BLANDFORD. Only on basic pay scales and on disability retirement. We do not have jurisdiction over the U.S. Coast Guard Academy.

Mr. RIVERS. I know that.

Mr. BLANDFORD. I think it is a mistake for us to attempt to write something into the law, even though it would of course be a benefit to them, without understanding what their basic law is.

I suspect, as was indicated here by Admiral Knudson, that there is a difference in retirement age. I understood Admiral Knudson to say that professors at the Coast Guard Academy continue on to age 62. I don't know how many other variations there are in the law. The information has not been furnished to me. I think it would be a mistake for us to go into an area in which we have no jurisdiction.

Mr. RIVERS. We won't consider the Coast Guard.

Mr. BLANDFORD. The next suggested change, Mr. Chairman, is that the W-4 at over 26 years of service, as opposed to over 30, you will recall the testimony that the Coast Guard warrant officers, all warrant officers, are required to retire when they have completed 30 years of service, 60 days after completion of 30 years.

Mr. RIVERS. For pay purposes we are going to let that take effect at over 26.

Mr. BLANDFORD. Yes, sir.

Mr. RIVERS. Does everybody understand that? Mr. Blandford has reasoned that it is senseless to raise them and then retire them. If you are going to raise them, let them take benefit of the pay.

Isn't that right?

Mr. BLANDFORD. Yes, sir.

Mr. OSMERS. I am assuming by process of deduction that in the services other than the Coast Guard, armed services, we permit warrant officers to remain beyond 30 years.

Mr. BLANDFORD. No, sir. If I said "Coast Guard," I should correct myself. We wrote a Warrant Officer Act in 1954 to apply to all warrant officers, and all of them must retire at that point.

Mr. GAVIN. Automatically.

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Mr. BLANDFORD. The Secretary can keep them on, but for all practical purposes the law requires them to retire 60 days after completion of 30 years of service.

Mr. OSMERS. This is all warrant officers?

Mr. BLANDFORD. All warrant officers.

Mr. RIVERS. Can we come to agreement on that?

Without objection, we accept that proposed change.

Mr. BLANDFORD. All right.

The next is on page 3. There seems to be almost universal agreement that we should not distinguish between an obligated reservist and an unobligated reservist on inactive duty training. I don't know how much discussion you want to have on this subject. There is \$38 million involved here, but as the chairman indicated in his statement we have today 58 percent of people who have attained the age of 26, have had some form of military service.

Now, those who do serve certainly should not be discriminated against by putting them on a different pay scale than those who volunteer beyond their obligated period. That is what this proposal would have done.

Mr. RIVERS. I might say Mr. Blandford had considerable correspondence on this.

Mr. BLANDFORD. Yes, sir. This is an irritant to practically every organization, the ROA and others have testified against this.

It does add \$38 million to the cost of the bill, but on the other hand there is grave question in the minds of many as to whether there should ever have been any attempt to take it away. If we can agree on the deletion—

Mr. OSMERS. Mr. Chairman, again only for the purpose of clarity, if we delete (b), we then give to all reservists, obligated and unobligated, the same pay scale?

Mr. BLANDFORD. Yes, sir.

Mr. OSMERS. And in doing this we increase the total cost of the bill by \$38 million?

Mr. BLANDFORD. Yes, sir.

Mr. RIVERS. Let's hear from Mr. Paul on that.

Mr. Paul, we have invited you here because we would like to hear what you have to say about this.

Secretary PAUL. Mr. Chairman, I think first of all on a technical point of the amount of increased costs, in fairness to the committee I think I should inform you that our estimate is that—and this is a new one we have developed—that the increased cost will not be \$38 million, it will be in the 20's rather than the 30's, if that assists the committee in its determination.

Mr. RIVERS. It does assist. You have heard the discussion. Do you feel it will kill the Defense Department if we put them on an equal basis?

Secretary PAUL. I don't feel it would kill us, no, sir, in answer to the chairman's question.

Mr. RIVERS. Without objection, let's come to agreement on that.

Mr. BLANDFORD. We will delete that section.

Mr. RIVERS. This will remove an irritant from a great section of these people. Mr. Huddleston talked to me about it. What is the next?

Mr. BLANDFORD. Section 3 is contract surgeons.

Mr. BATES. We are all through with that section.

Mr. BLANDFORD. Yes, sir.

Mr. BATES. Mr. Chairman we have had interruptions in our hearings and a lot of us have read matters that have not been read into the hearings, so that I am not quite certain at this time just what is in the hearings and what has not been put in.

Now what have we got actually in the hearings on the computations of pay and why we gave certain rates to certain individuals?

Mr. BLANDFORD. The testimony reveals that in the study made by the Pay Panel, that one of the big factors was to increase the pay of first lieutenants, second lieutenants and captains, and also in the more senior NCO grades, and what they attempted to do was to get at the retention points and come up with a figure which they felt would be sufficient to increase the retention of personnel. And that has already been testified to.

Mr. BATES. Right. Now how about the senior officers?

Mr. BLANDFORD. There is a straight cost-of-living increase. I think that all of the services, and I now have their comments here; it is rather thick. The sum and substance of the comments of the services on the basic pay scales are that the pay scales are inadequate.

Well, this is not surprising that the departments would consider these to be inadequate, and I think that Mr. Paul submitted a memorandum to me for insertion in the record and which I shall read into it at this point:

In connection with the proposed rates of basic pay the personal views of the service Secretaries, the Chairman of the Joint Chiefs of Staff, the Chiefs of Staff of the Army and Air Force, the Chief of Naval Operations and the Commandant of the Marine Corps were requested by the Secretary of Defense in a separate communication. In general, the views expressed were that higher rates of basic pay for some enlisted and officer grades than those being considered by the Department of Defense were justified, particularly for second lieutenants and officers in the ranks of lieutenant colonel or colonel and higher.

I don't think there is any secret that the Departments are unhappy with the increases provided for the senior officers.

Mr. WILSON. In the past, or this bill?

Mr. BLANDFORD. No; in this bill.

I think we must face a reality here with regard to the basic pay scales for senior officers, that until we settle this retirement question

once and for all, I doubt very much whether we are going to be able to decide upon basic pay scales for the more senior officers. You couldn't very well put in a substantial increase for senior officers and then reenact a 1958 cutoff date as we did in 1958, without recreating discrimination against those retired prior to the effective date of this act.

Now, whether this was behind their reasoning or not, I do not know. I know that the Randall Committee is still studying executive pay, and I am informed that this study also includes the pay of more senior officers in the armed services.

I personally feel that until this subcommittee makes up its mind as to what they are going to do on the retirement section, that you can't settle anything else that is in the bill, because the retirement section is vital to any further consideration of basic pay scales.

Mr. BATES. Have we read into the hearings the percent increase by rates?

Mr. BLANDFORD. Not into the hearings, but this will be put into the report. It is an average increase of 14.4 percent.

Mr. BATES. That doesn't mean much.

Mr. BLANDFORD. It doesn't mean a thing.

Mr. BATES. Do we have the specific increase by rates?

Mr. BLANDFORD. I have the increases here.

Mr. BATES. I ask that either be put in the hearing or in the report, or both, Mr. Chairman.

Mr. RIVERS. Haven't you got that?

Mr. BLANDFORD. I have a breakdown here, Mr. Chairman, which was prepared, which indicates every grade, what the percentage of increase will be in every grade and using typical years of service.

Mr. RIVERS. Whose proposal are you reading from?

Mr. BLANDFORD. This is proposed in H.R. 3006, not the subcommittee print.

Mr. RIVERS. This is the department?

Mr. BLANDFORD. Department proposal.

Mr. RIVERS. Let's insert that at this point.

(The Department proposal is as follows:)

* 102

1601

Examples of present pay and allowances with those proposed in H.R. 3006

OFFICERS

Pay grade	Title	Number in grade, fiscal year 1964	Typical years of service	Present		Alternative or additional	Monthly amount	Proposed in H. R. 3006		Percent increase
				Type	Monthly amount			Monthly amount	Dollar increase	
O-10	Chief of Staff, Chief of Naval Operations, Commandant, U.S. Marine Corps, Chairman, Joint Chiefs of Staff.	4	30	Basic pay	\$1,875.00			\$1,970.00	\$95.00	5
				Personal allowance	2,333.33			2,333.33	0	0
				Quarters allowance with dependents	201.00			201.00	0	0
				Subsistence allowance	247.88			277.10	29.22	61
				Total, monthly	2,457.21			2,581.43	124.22	5
O-10	General, admiral	31	30	Total, annual	29,486.52			30,977.16	1,490.64	5
				Basic pay	1,700.00			1,785.00	85.00	5
				Personal allowance	213.33			213.33	0	0
				Quarters allowance with dependents	201.00			201.00	0	0
				Subsistence allowance	247.88			277.10	29.22	61
O-9	Lieutenant general, Vice admiral	105	30	Total, monthly	2,132.21			2,246.43	114.22	5
				Total, annual	25,586.52			26,957.16	1,370.64	5
				Basic pay	1,500.00			1,575.00	75.00	5
				Personal allowance	241.67			241.67	0	0
				Quarters allowance with dependents	201.00			201.00	0	0
O-8	Major general, rear admiral (upper half)	484	30	Subsistence allowance	247.88			277.10	29.22	61
				Total, monthly	1,700.55			1,884.77	184.22	6
				Total, annual	21,486.60			22,737.24	1,250.64	6
				Basic pay	1,350.00			1,420.00	70.00	5
				Quarters allowance with dependents	201.00			201.00	0	0
O-7	Brigadier general, rear admiral (lower half)	658	28	Subsistence allowance	247.88			277.10	29.22	61
				Total, monthly	1,598.88			1,698.10	99.22	6
				Total, annual	19,186.56			20,377.20	1,190.64	6
				Basic pay	1,175.00			1,235.00	60.00	5
				Quarters allowance with dependents	201.00			201.00	0	0
O-6	Colonel, captain	15,183	24	Subsistence allowance	247.88			277.10	29.22	61
				Total, monthly	1,423.88			1,513.10	89.22	6
				Total, annual	17,086.56			18,157.20	1,070.64	6
				Basic pay	910.00			910.00	0	0
				Quarters allowance with dependents	170.10			170.10	0	0
O-6	Colonel, captain	15,183	24	Subsistence allowance	247.88			277.10	29.22	61
				Total, monthly	1,427.98			1,547.20	119.22	11

See footnotes at end of table.

Examples of present pay and allowances with those proposed in H.R. 3006—Continued

OFFICERS

Pay grade	Title	Number in grade, years of fiscal year service 1964	Typical	Present		Alternative or additional	Monthly amount	Proposed in H.R. 3006			Percent increase
				Type	Monthly amount			Monthly amount	Dollar increase		
O-5...	Lieutenant colonel, commander.	37,287	21	Total, annual.....	\$13,535.78			\$14,986.40	\$1,450.64	11	
				Basic pay.....	745.00			835.00	90.00	12	
				Quarters allowance with dependents.....	\$157.50		\$130.20	\$157.50	0	0	
				Subsistence allowance.....	\$47.88		245.00	\$77.10	29.22	61	
O-4	Major, lieutenant commander.	56,572	19	Total, monthly.....	950.38			1,069.60	119.22	13	
				Basic pay.....	11,404.56			12,835.20	1,430.64	13	
				Quarters allowance with dependents.....	\$60.00			725.00	665.00	15	
				Subsistence allowance.....	\$145.05		\$120.00	\$145.05	0	0	
O-3	Captain, lieutenant.	105,671	8	Total, monthly.....	\$47.88		240.00	\$77.10	29.22	61	
				Basic pay.....	822.93			947.15	124.22	15	
				Quarters allowance with dependents.....	9,675.16			11,365.80	1,690.64	18	
				Subsistence allowance.....	\$40.00			540.00	500.00	17	
O-2	1st Lieutenant, lieutenant (junior grade).	53,943	4	Total, monthly.....	\$130.05		\$105.00	\$130.05	0	0	
				Basic pay.....	47.88		185.00	\$77.10	29.22	61	
				Quarters allowance with dependents.....	687.93			747.15	109.22	17	
				Subsistence allowance.....	7,655.14			8,945.80	1,310.64	17	
O-1	2d Lieutenant, ensign.	50,400	0	Total, monthly.....	\$370.00			435.00	65.00	18	
				Basic pay.....	\$120.00		\$95.10	\$120.00	0	0	
				Quarters allowance with dependents.....	\$47.88		150.00	\$77.10	29.22	61	
				Subsistence allowance.....	537.88			632.10	94.22	18	
W-4	Chief warrant, commissioned warrant.	2,847	24	Total, annual.....	6,454.56			7,545.20	1,090.64	18	
				Basic pay.....	\$222.30		\$85.20	\$222.30	0	0	
				Quarters allowance with dependents.....	\$110.10			\$110.10	0	0	
				Subsistence allowance.....	\$47.88		100.00	\$77.10	29.22	61	
				Total, monthly.....	380.28			437.20	56.92	15	
				Basic pay.....	4,563.36			5,246.40	683.04	15	
				Quarters allowance with dependents.....	\$43.00			635.00	592.00	17	
				Subsistence allowance.....	\$145.05		\$120.00	\$145.05	0	0	
				Total, monthly.....	\$47.88		165.00	\$77.10	29.22	61	
				Basic pay.....	735.93			857.15	121.22	16	
				Quarters allowance with dependents.....	\$40.00			540.00	500.00	17	
				Subsistence allowance.....	\$130.05			\$130.05	0	0	
				Total, monthly.....	\$47.88		165.00	\$77.10	29.22	61	
				Basic pay.....	735.93			857.15	121.22	16	
				Quarters allowance with dependents.....	\$40.00			540.00	500.00	17	
				Subsistence allowance.....	\$130.05			\$130.05	0	0	

W-3	Chief warrant, commissioned warrant.	5,621	21	Basic pay Quarters allowance with dependents	470.00 \$ 130.05	Quarters allowance without dependents	\$ 105.00	540.00 \$ 130.05	70.00 0	15 0
				Subsistence allowance	\$ 47.88	Flight pay (if eligible)	140.00	277.10	23.22	61
				Total, monthly	647.93			747.13	94.22	15
				Total, annual	7,775.16			8,965.80	1,190.64	15
W-2	Chief warrant, commissioned warrant.	5,906	18	Basic pay Quarters allowance with dependents	404.00 \$ 120.00	Quarters allowance without dependents	\$ 95.10	470.00 \$ 120.00	61.00 0	16 0
				Subsistence allowance	\$ 47.88	Flight pay (if eligible)	135.00	277.10	23.22	61
				Total, monthly	573.88			667.10	93.22	16
				Total, annual	6,886.56			8,005.20	1,115.64	16
W-1	Warrant officer	2,452	14	Basic pay Quarters allowance with dependents	354.00 \$ 110.10	Quarters allowance without dependents	\$ 85.20	405.00 \$ 110.10	51.00 0	14 0
				Subsistence allowance	\$ 47.88	Flight pay (if eligible)	130.00	277.10	23.22	61
				Total, monthly	511.98			382.30	80.22	16
				Total, annual	6,143.76			4,587.60	962.64	16

ENLISTED

E-9	Sergeant major, master chief petty officer.	13,589	20	Basic pay Quarters allowance with dependents	\$430.00 \$ 120.00	Sea and foreign duty pay Quarters allowance without dependents	\$22.50 \$ 85.20	\$485.00 \$ 120.00	\$55.00 0	13 0
				Subsistence allowance	\$ 30.90	Flight pay (if eligible)	105.00	230.90	0	0
				Total, monthly	580.90	Proficiency pay, P-1	30.00	635.90	55.00	9
				Total, annual	6,970.80	Proficiency pay, P-2	60.00	7,630.80	660.00	9
E-8	Master sergeant, senior chief petty officer.	33,975	19	Basic pay Quarters allowance with dependents	360.00 \$ 120.00	Sea and foreign duty pay Quarters allowance without dependents	22.50 \$ 85.20	415.00 \$ 120.00	55.00 0	15 0
				Subsistence allowance	\$ 30.90	Flight pay (if eligible)	105.00	230.90	0	0
				Total, monthly	510.90	Proficiency pay, P-1	30.00	565.90	55.00	11
				Total, annual	6,130.80	Proficiency pay, P-2	60.00	6,790.80	660.00	11
E-7	Sergeant 1st class, chief petty officer.	111,109	18	Basic pay Quarters allowance with dependents	340.00 \$ 114.90	Sea and foreign duty pay Quarters allowance without dependents	22.50 \$ 75.00	365.00 \$ 114.90	25.00 0	7 0
				Subsistence allowance	\$ 30.90	Flight pay (if eligible)	105.00	230.90	0	0
				Total, monthly	433.80	Proficiency pay, P-1	30.00	510.08	25.00	5
				Total, annual	5,205.60	Proficiency pay, P-2	60.00	5,825.60	300.00	5
E-6	Staff sergeant, petty officer 1st class.	227,866	14	Basic pay Quarters allowance with dependents	275.00 \$ 110.10	Sea and foreign duty pay Quarters allowance without dependents	20.00 \$ 70.20	310.00 \$ 110.10	35.00 0	13 0
				Subsistence allowance	\$ 30.90	Flight pay (if eligible)	100.00	230.90	0	0
				Total, monthly	416.00	Proficiency pay, P-1	30.00	451.00	35.00	8
				Total, annual	4,992.00	Proficiency pay, P-2	60.00	5,412.00	420.00	8
E-5	Sergeant, petty officer 2d class.	396,826	10	Basic pay Quarters allowance with dependents	240.00 \$ 105.00	Sea and foreign duty pay Quarters allowance without dependents	16.00 \$ 70.20	260.00 \$ 105.00	20.00 0	8 0
				Subsistence allowance	\$ 30.90	Flight pay (if eligible)	90.00	230.90	0	0
				Total, monthly	375.90	Proficiency pay, P-1	30.00	395.90	20.00	5
				Total, annual	4,510.80	Proficiency pay, P-2	60.00	4,750.80	240.00	5

See footnotes at end of table.

Examples of present pay and allowances with those proposed in H.R. 3006 Continued

Pay grade	Title	Number in grade, fiscal year 1964	Typical years of service	Present		Alternative or additional	Proposed in H.R. 3006		
				Type	Monthly amount		Monthly amount	Dollar increase	Percent increase
E-4	Corporal, petty officer 3d class	451,344	5	Basic pay	\$170.00	Sea and foreign duty pay	\$13.00	\$30.00	18
				Quarters allowance without dependents	2 105.00	Quarters allowance without dependents	2 70.20	2 105.00	0
				Subsistence allowance	2 30.90	Flight pay (if eligible)	70.00	2 30.90	0
E-3	Private 1st class, seaman	600,727	1	Total, monthly	305.90	Proficiency pay, P-1	30.00	335.90	10
				Total, annual	3,670.80	Proficiency pay, P-2	60.00	4,030.80	10
				Basic pay	90.37	Sea and foreign duty pay	9.00	115.00	16
E-2	Private, seaman apprentice	326,541	1	Quarters allowance without dependents or 1 dependent	155.20	Quarters allowance with 2 dependents	2 82.10	255.20	0
				Subsistence allowance	2 30.90	Quarters allowance with 3 or more dependents	2 105.00	2 30.90	0
				Total, monthly	186.47	Flight pay (if eligible)	55.00	201.10	15.03
E-1	Private, seaman recruit	179,914	10	Total, annual	2,225.64	Proficiency pay, P-1	30.00	2,413.20	8
				Basic pay	85.50	Sea and foreign duty pay	60.00	145.50	11
				Quarters allowance without or 1 dependent	2 55.20	Quarters allowance with 2 dependents	2 82.10	2 55.20	0
E-1	Private, seaman recruit	179,914	10	Subsistence allowance	2 30.90	Quarters allowance with 3 or more dependents	2 105.00	2 30.90	0
				Total, monthly	171.90	Flight pay (if eligible)	50.00	181.00	9.20
				Total, annual	2,062.80	Proficiency pay, P-1	30.00	2,172.80	5
E-1	Private, seaman recruit	179,914	10	Basic pay	78.00	Sea and foreign duty pay	8.00	110.40	9
				Quarters allowance without or 1 dependent	2 55.20	Quarters allowance with 2 dependents	2 82.10	2 55.20	0
				Subsistence allowance	2 30.90	Quarters allowance with 3 or more dependents	2 105.00	2 30.90	0
E-1	Private, seaman recruit	179,914	10	Total, monthly	164.10	Flight pay (if eligible)	50.00	171.10	4
				Total, annual	1,969.20	Proficiency pay, P-1	30.00	2,069.20	4
						Proficiency pay, P-2	60.00	2,069.20	4

Note: Minimum amount of retired pay: For length of service or age, 50 percent of basic pay at 20 years. For permanent disability, 30 percent of basic pay but not less than 2 1/2 percent times years of service. For temporary disability, 50 percent of basic pay but not less than 2 1/2 percent times years of service. Maximum amount of retired pay, 75 percent of basic pay. This maximum is payable if the member has 30 years of service or at least an 80 percent disability rating.

1 Cost of living increase.
2 Tax free.
3 1 under 4 months.

MR. BENNETT. Could I insert a few things at this point?

MR. RIVERS. If they are on this point.

MR. BENNETT. One of them is a comparison of military pay and benefits of U.S. employees—

MR. BATES. That is my next point.

MR. RIVERS. Do you want that in?

MR. BATES. Yes.

MR. BENNETT (continuing). Which is prepared by John Ford, who is the Army Times Publishing Co.—

MR. RIVERS. Navy-Air Force Times.

MR. BENNETT. Correct.

The other one is a letter which I received today from the Assistant Secretary, Mr. William Gorham, who is here, who responded to things that I asked him with regard to this same general question.

I would like to have them both inserted in the record.

MR. RIVERS. Without objection.

(The letter above referred to is as follows:)

ASSISTANT SECRETARY OF DEFENSE,
Washington, D.C., March 5, 1963.

HON. CHARLES E. BENNETT,
House of Representatives.

DEAR MR. BENNETT: This letter is in answer to your questions regarding (i) the comparative compensation of military personnel under H.R. 3006 and the compensation of civilian employees under the recently-enacted civil service pay scale, and (ii) recent trends of military and civil service pay scales. To answer these questions, three tables are attached with the following comments:

1. *Comparative compensation of civil service and military personnel*

Table 1 shows typical salaries for civil service grades GS-3 to GS-18 computed for the pay scales which become effective January 1, 1964. Table 2 shows military compensation for career enlisted grades E-4 to E-9 and officer grades O-1 to Chief of Staff. Included in military compensation are basic pay, basic allowance for subsistence, basic allowance for quarters and an amount representing the tax saving arising from the tax-free status of the allowances. The sum of these four elements comprises the closest approximation to civilian salary. Personnel receiving their quarters or subsistence in kind are excluded from the comparison.

The figures shown in these tables represent the median compensation that will be received by persons in the respective grades. These are computed in such a way that approximately half of the persons in each grade receive less than the specified amount and half more. As such, I feel that they are more representative of the comparative levels of civil service and military pay scales than are minimum or maximum figures for each grade.

2. *Trends in military versus civil service pay*

To show these trends, one civil service grade (GS-14) and two military grades (O-5 and O-6) have been selected. This does not imply any direct linkage between these grades; they are merely used for illustrative purposes. They were chosen to include the senior military and civilian grades, in which you expressed particular interest. Table 3 shows dollar amounts of compensation from 1946 to 1964, and the military pay for O-5 and O-6 as a percentage of that received by the GS-14.

It can be seen from these two tables that military and civilian salary changes roughly paralleled each other.

Sincerely,

WILLIAM GORHAM,
Deputy Assistant Secretary (Special Studies and Requirements).

TABLE 1.—Typical salary of civil service employees by grades as of Jan. 1, 1964

Grade	Median	Grade	Median
GS-3.....	\$4,250	GS-11.....	\$9,200
GS-4.....	4,700	GS-12.....	10,600
GS-5.....	5,300	GS-13.....	12,500
GS-6.....	5,800	GS-14.....	14,630
GS-7.....	6,400	GS-15.....	16,800
GS-8.....	7,100	GS-16.....	18,800
GS-9.....	7,600	GS-17.....	18,500
GS-10.....	8,450	GS-18.....	20,000

NOTE.—Median for each grade.

TABLE 2.—Typical regular compensation of military personnel under H.R. 3006 (officers and career enlisted grades)

Grade	Median	Grade	Median
E-4.....	\$4,400	O-4.....	\$12,000
E-5.....	5,200	O-5.....	13,700
E-6.....	5,900	O-6.....	16,100
E-7.....	6,500	O-7.....	19,500
E-8.....	7,200	O-8.....	21,500
E-9.....	8,000	O-9.....	23,800
O-1.....	8,650	O-10.....	26,600
O-2.....	8,200	Civil service.....	29,200
O-3.....	9,600		

NOTES

1. Regular compensation for median years of service for each grade (except 2d lieutenant, entry grade). Basic pay, BAQ, BAS, and tax advantage.
2. Tax advantage computed on basis of O-1, E-1, E-2, E-3, 1 dependent; O-2, E-4, E-5, 2 dependents; O-3 through civil service, E-6, E-7, E-8, E-9, 3 dependents.

TABLE 3.—Typical compensation of officers (O-5 and O-6), civil service employees (GS-14) and their relative positions, 1946-64

Year	O-5	O-6	GS-14
1946-47.....	\$7,872	\$8,808	\$8,778
1948.....	7,872	8,808	9,108
1949-50.....	9,086	10,524	9,200
1951.....	9,096	10,524	10,000
1952-54.....	9,708	11,124	10,000
1955-57.....	10,500	12,524	10,750
1958-59.....	12,228	14,850	11,850
1960-62.....	12,228	14,850	12,745
1963.....	12,504	15,360	13,700
1964.....	14,196	17,124	14,529

	O-5 as percent of GS-14	O-6 as percent of GS-14
1946-47.....	89.7	100.3
1948.....	86.4	96.7
1949-50.....	98.9	114.4
1951.....	91.0	106.2
1952-54.....	97.1	111.2
1955-57.....	97.7	114.6
1958-59.....	103.2	125.4
1960-62.....	95.9	116.6
1963.....	91.3	112.1
1964.....	97.7	117.9

NOTES

1. Military compensation includes base pay, BAQ, BAS, and tax advantage. Median. Tax advantage computed on basis of 1 dependent.
2. It will be recognized that changes in pay do not always occur at end of year. Figures shown above are for years during which they were in effect for more than half of the year.
3. 1964 military figures based on DOD proposal (H.R. 3306).

(The reprint from the February 1963 issues of Army Times, Air Force Times, Navy Times, is as follows:)

[Reprinted from Army Times, Navy Times, Air Force Times]

A TIMES SPECIAL REPORT—STUDY COMPARES MILITARY-CIVIL SERVICE BENEFITS

This study was prepared by members of the Times staff under the direction of Associate Editor John J. Ford. Mr. Ford, congressional editor of the Times, directed the research and the statistical computations and wrote the final draft of the study.

A detailed analysis of the pay and benefits the Government provides its military and civilian forces reveals some startling facts. Some benefits long hailed as marvelous advantages are not what they were cracked up to be. Some cherished "extras" of military life make surprisingly little difference in the total compensation picture.

This two-part study will show that:

Military take-home pay is less than that of civilian Government workers of comparable rank. It was less even before the last civil service raise. Total take-home compensation is less over a lifetime career.

An officer in a responsible job often winds up with less pay than his civilian subordinates.

Civilian longevity increases provide greater long-range benefits than military fogies.

The average civilian winds up better off in matters of retired pay and survivor protection than do military men, even though they contribute to their retirement.

Today, the outstanding man moves up faster in a civilian than in a military career.

INTRODUCTION

In earlier years it was the custom to raise military pay whenever civil service pay was raised. Invariably, the actions would take place in the same Congress with the military hike usually coming after the civilian raise. In the 1950's, as the civil service force began to express itself more effectively politically, the historic process was altered. Since 1958 the civil service has gotten two pay raises; the military, none. The military did get the first quarters allowance increase in more than 10 years. But last year's Congress made part of the civilian raise effective immediately while postponing the quarters' increase 6 months. The administration now wants to postpone the forthcoming military increase to next October 1.

Now, the President has asked still further additions to the second half of the civilian pay raise which becomes effective on January 1, 1964. This article is not based on these proposed additions but will base its comparisons on what is already law.

What follows is an analysis of the comparative advantages of a military versus a civil service career over the whole range of pay and benefits. It is clear that in some cases this involves relative value judgments and that many factors affecting the value of a benefit cannot be stated in dollars and cents.

But it can be clearly shown in every category that the benefits are superior for one group or the other. And our analysis shows—on balance—that the benefits provided to the civil service employee are superior to those provided the military man.

There have been recent reports that a comparison of civilian and military pay was considered undesirable—that either Secretary McNamara or the Budget Bureau had vetoed the idea that military pay be based on such a comparison. There are reliable reports that the Military Pay Study Group made such a comparison but their findings have not been released.

There might be budgetary or other reasons for vetoing any official comparison and not knowing the facts in possession of these people we cannot judge the soundness of their reasons. But surely, no one will deny the Government has a moral obligation to provide for its military personnel equally as well as for its civilian staff.

And if those setting pay recommendations shunted aside a comparison of military-civilian rates they forgot the President's orders.

In his budget message to Congress in January 1962, in which he first announced the orders for a study of military compensation, the President said:

"The adjustments now being considered in civilian compensation require study of the possible need for further changes in military compensation. I am directing that a thorough review be made which will permit an up-to-date appraisal of the main elements of military compensation and their relationship to the new proposed levels of civilian compensation."

Recently the American Federation of Government Employees Council of Defense Lodges asked for an independent study of the whole problem of military-civilian relationship in the Defense Department. The group was not talking so much about pay as about working relationships. A spokesman for the council said the idea of such a study was to reduce tension between the two groups but the manner of issuing the statement seems calculated to increase tension.

A. E. Casgrain, president of the Defense Council of AFGE lodges, said military men "often have a strong authoritarian approach" to management and have "little knowledge or understanding of the human relations approach to leadership." The result is the civil servant is often a "resentful, sullen, off-the-record critic of the military and of the work environment." And he accused the military leaders of frequently trying to save face by "bulling" or "bluffing through."

We have no wish at all, of course, to encourage a dialog of this nature. We think—we know—that both groups are made up of loyal, dedicated people. But perhaps a true comparison could lead to a better understanding on both sides and improve working relationships. Civil service unions have encouraged their members to believe military men have all the advantages in terms of benefits as well as all the authority. By the nature of their positions, union leaders are not likely to take an objective look, but a true picture of comparative benefits might soften the vociferousness of their attacks against military careerists.

The average civil service employee undoubtedly honestly believes that the tax-free housing and subsistence allowances, the noncontributory retirement and other fringe benefits of the military man give him an advantage over the civilian in total compensation.

But, as you will see from this study the take-home pay of a military man compared to a civil servant of relatively equal rank and responsibility—insofar as such comparisons can be made—is less than the civilian's. In the tables accompanying this article and in all comparisons made in it, the compensation of military men always includes the housing and subsistence allowances. And allowance is made for the retired pay deduction of civilian employees.

Also, as we show in our discussion of comparative retirement benefits, the civilian winds up better off in retired pay than military officers of higher positions even when his contribution is taken into account.

In his message on Federal employees' pay on February 20, 1962, President Kennedy told Congress that over the years the primary emphasis in pay legislation has been on bringing the lower salaried employees abreast of changes in the cost of living. The one-time 8.8-1 ratio between highest and lowest Classification Act salaries had shrunk to 6-1 and lower, making it impossible to offer pay increases consistent with the additional responsibilities of grade-to-grade promotion or to offer an appropriate range of incentives within a particular grade.

And the President complained, "A Federal employee beginning a professional or administrative career can look forward to a maximum salary increase of no more than 4¼ times his entrance salary, whereas his counterpart in private industry can look forward to an increase of 6 to 7 times his beginning salary."

The 1958 Pay Act for military people emphasized putting the big increase at the higher salary levels. But still the career officer in O-6 with 30 years' service can look forward to a maximum salary of just about 4¼ times his entrance salary as an O-1.

And as for the "appropriate range of incentives within a particular grade we shall show that the longevity increases for civil service provide greater long-range benefits than those of the military and can be given more frequently.

A note on intangibles

In any discussion of career advantages, it must be remembered that there are certain intangibles—intangibles such as the pleasure of serving your country in uniform or of serving it in the civilian corps, the public acceptance and respect accorded one's chosen profession and, quite simply, what a man wants to do in life.

So benefits, in themselves, do not make one career more rewarding than another. If you like roughing it in the boondocks, the feel of weapons, the smell of the sea, the freedom of flight; if you like a life of travel and change, and the accoutrements and paraphernalia of military living, then the service is going to have strong attachment for you. If you have a natural bent for life in the field, no amount of benefits is going to make you happy at a desk. Correspondingly, if you put great emphasis on a stable family life with roots in a single community and dislike the regimentation, the completeness of military life, you would not be happy in it regardless of benefits.

Having said this, however, we think it should be kept in mind that intangible considerations should not be used as an excuse for not providing proper benefits.

This is true both for a simple moral reasons and from the standpoint of personnel management, since the intangible advantages will not be overriding in career choice. Also, intangible considerations working against a military career are very real, even though you cannot put a cost computation on them.

A man's taste for military life does not erase the disadvantages and often leads to intangible disadvantages that are a minus factor in career planning. A man's love of the sea, for instance, brings with it an enforced separation from his family. That man continues his Navy career despite, not because of, this separation. It is a minus factor that should be taken into consideration in figuring compensation and benefits.

The point is that the intangible factors are often a two-way street. They sometimes cancel each other out. Intangible disadvantages of a service career may often tip the scale against staying in the service.

There are many more intangibles in a military career than in civil service, since a civilian Government career is more like any civilian job, and does not mean so complete a change in the way of life from private industry as a military career does.

The big four: Benefit or illusion?

There are four things about the military systems which are most cited as giving military personnel a tremendous advantage and which are often used as reasons for not making the military man's basic pay comparable with civilian pay: These are the military retirement system, which is noncontributory; the system of tax-free housing and subsistence allowances, which allegedly results in higher take-home pay; medical care for the man and family at little or no cost; and exchange and commissary privileges.

We have paid particular attention to these four in making our analysis to arrive at a true comparison between the military and civilian take-home pay.

We also looked particularly at the comparative job security, advancement prospects and at the allegation that the civil service must pay more to retain competent personnel at the higher grade levels, that it is losing good people in wholesale lots to private industry.

ANALYSIS REVEALS STARTLING CHANGE IN PAY EQUATION

In comparing military and civil service pay, there is the difficulty of making comparisons by grade, since the civilian and armed services grades are not, and are not designed to be, precisely comparable.

Take-home pay

Historically, the O-6 (colonel or Navy captain) has been compared with the GS-15. An O-5 is compared with a GS-14, and so on down the line. Those comparisons are basically fair to the civil servant. A GS-15 is likely to work for an O-6; an O-6 rarely works for a GS-15. A GS-14 often works for an O-5; an O-5 rarely, if ever, works for a GS-14.

In this matching of job alinement, the civil service employee in grade GS-7 is matched with the O-1, since GS-7 is the start of the professional ladder in civil service today. Up to grade GS-11, the civil servant normally goes two grades at a time. Grades GS-6, GS-8, and GS-10 are used much less frequently than grades GS-7, GS-9, and GS-11. The difference in responsibility is not as great between any two GS grades as between any two officer grades. Thus in the matching generally followed, an O-2 is roughly comparable to a GS-9, an O-3 to a GS-11, and an O-4 to a GS-13.

We will have more to say about the promotion process in the civil service classified grades.

This rough alinement of position is tacitly recognized by the Department of Defense. In its Table of Military-Civilian Relationships for Prisoner of War

Identification Purposes (Defense Directive 1000.1, dated December 14, 1954, modified June 29, 1956), O-7's and O-8's are equated with the supergrades GS-16 through GS-18; O-4 through O-6 are equated with GS-12 through GS-15; O-1 through O-3 are equated with GS-7 through GS-11.

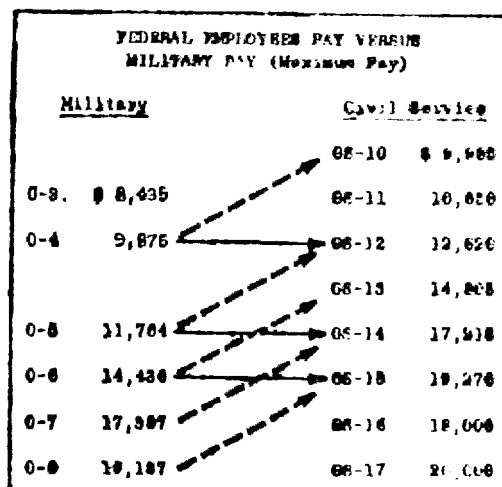
The Defense Department normally uses this directive for business and social relationships. A GS-15, staying overnight at a military base, for example, will be given the type of quarters an O-6 would get.

In terms of responsibility, the comparison is more than fair to the civil servant. Generally, the responsibility of military officers—particularly in the O-4 through O-6 grades—exceeds that of the civilians with whom they have been equated here. An O-4's responsibility, we would say, is certainly more nearly that of a GS-13 than a GS-12, although historically his salary has been closer to that of a GS-12 than a GS-13.

But using these rough equations, a quick comparison of the maximum pay for military and civilians shows that the recent civil service raise has effectively moved the civil service up two grades in the equation—or, to put it another way, the military have fallen two grades behind.

Thus, pay inversions have been created between the military officers and the civilians they supervise—the sort of inversions that cause so much concern when they occur between a civilian supervisor and his civilian subordinate.

Here is a comparison of selected military grades with civil service grades



showing the maximum pay available to the military compared to the maximum the civil service grades can get.

The figures for officers are not just basic pay. They include the increased quarters allowance that went into effect January 1, 1963, and they include subsistence allowances. The figures for civilians include the January 1, 1964, increases because they are law and because it helps show what military officers must get in their pay raise to get them back in their former position.

The straight arrows show the comparability in pay before the latest civil service pay raise started (October 1, 1962). The dotted arrows show the comparability, including the civilians' January 1, 1964, raise.

We haven't used the new pay scales being proposed by Defense because firm details on them were not available while this study was being made. It is also too early to tell what Congress will do with the Defense recommendations. We hope that a proper understanding of the value of civil service compensation when compared with military compensation may lead to an equitable military pay bill.

The date Defense is now mentioning for the new pay bill, it should be noted, is October 1, 1963, just 3 months ahead of the second step of the civilian raise.

Also, the President is recommending higher increases in those civilian scales, averaging more than 5 percent, and reports are that the President is going to push the proposal strongly. The percentage increase would be about 10.2 percent at the GS-15 entrance level. Raises would go as high as 26 percent for the supergrades, since they did not share fully in the raise bill voted last year. We have not used any of these further increases in the pay computations of this article.

But it is interesting to note that the beginning pay of a GS-7, under the pay scale that goes into effect January 1, 1964, is \$488 a month (\$5,795 a year). Even under the increases recommended by the Defense Study Group on Military Compensation, as available at the time this article went to press, the beginning compensation for an O-1—including housing and subsistence allowances—would be only \$412 a month. It is now \$355 a month.

But in comparing military and civilian salary, the charge is still made that the military officer is better off, even if his total compensation is less, because he gets to keep more—his tax-free allowances means a higher net pay. And the compensation figures above do not include the civil servant's retirement deduction.

But detailed analysis shows that even with these factors considered, and even before the recent pay raise, the civil servant came out better in the matter of actual take-home pay.

Let's take the O-5 and the GS-14. Comparing their income and take-home pay before October 1, 1962—this is, before the civil service pay raise started, or before the housing allowance increase for the military—we see the following:

The O-5 has a gross pay of \$10,740. This includes the base pay, housing allowance, and subsistence allowance. The base pay is the average for an O-5 who makes his grade at normal promotion point (16 years) and spends 6 years in grade. The housing allowance was \$136.80, and subsistence was \$47.88 a month.

We will assume he has two children for tax purposes. And we will assume a standard 10-percent deduction for tax purposes.

His income tax—paid just on base pay—is \$1,070. His 1962 social security tax was \$150. Remaining take-home pay: \$9,526.

For the GS-14 we also assume two children and the standard 10-percent deduction for tax purposes. His gross pay is \$13,000 a year. This again is an average for the grade, coming out to the equivalent of the fourth step. (There were nine steps altogether under the old scale, including the so-called longevity steps. Longevity increases in civil service are based on time in grade and are unrelated to total service.)

His retirement deduction (6½ percent) comes to \$846. His income tax is \$2,008. Remaining take-home pay is \$10,146.

Even cranking in a value of several hundred dollars for free medical care and exchange and commissary privileges—the other two members of the alleged Big Four of military compensation—as calculated later in this article, the take-home benefits of the GS-14 are still a bit above the O-5.

Now let's look at the GS-14 when he gets to the pay scale in effect on January 1, 1964. His yearly pay now comes to \$14,890. This is a little less than the fourth step of a GS-14. (There are nine steps for the GS-14 under the new pay scale.) His 6½-percent retirement deduction comes to \$967. Income tax takes \$2,460. Remaining take-home pay is \$11,463.

It can also be shown that over a full career a civil servant winds up with more take-home money than a military officer.

If the reader will refer to tables 1, 2, and 3 he will find an analysis of take-home pay projected over a sample 30-year career.

Tables 1 and 2 compare the take-home pay of a military officer and a classified civil servant before the quarters increase that started January 1, 1963, and before the civil service raise that started October 1, 1962.

The table for an officer shows his years in each grade, his gross pay (base pay plus subsistence and quarters allowances), his social security deduction, estimated number of children for tax purposes, income tax, and remaining take-home pay per year and for the total years in that grade. From this his total take-home pay over a 30-year career is computed. His average yearly take-home pay is also shown.

TABLE #1

TAKE-HOME PAY OF MILITARY OFFICERS BEFORE JAN. 1, 1963

Grade	Yrs.	Gross Pay	SS Tax	Child-ren	Income Tax	Take-Home Pay	Total Pay In Grade
O-1	2	\$4,280	\$83	1	\$120	\$4,057	\$ 8,114
O-2	3	5,800	127	2	264	5,419	18,287
O-3	5	7,310	150	3	372	6,688	33,440
O-4	6	8,820	150	3	608	7,864	47,184
O-5	8	10,740	150	2	1,070	9,520	57,120
O-6	8	13,840	150	0	2,457	10,933	87,484
30					Yearly Average \$8,319		\$249,879

TABLE #2

TAKE-HOME PAY OF FEDERAL EMPLOYEES BEFORE OCT. 1, 1962

Grade	Yrs.	Gross Pay	Retire-ment	Child-ren	Income Tax	Take-Home Pay	Total Pay In Grade
GS-7	2	\$5,400	\$351	1	\$812	\$4,437	\$ 8,874
GS-9	2	6,600	429	2	708	5,463	10,926
GS-11	5	7,950	518	3	835	6,599	32,995
GS-12	4	9,200	598	3	1,032	7,570	30,280
GS-13	5	11,000	715	2	1,438	8,847	44,235
GS-14	6	12,800	819	2	1,924	9,857	59,143
GS-15	6	14,220	925	0	2,825	10,670	64,020
30					Yearly Average \$8,349		\$250,472

TABLE #3

TAKE-HOME PAY OF FEDERAL EMPLOYEE AFTER JAN. 1, 1964

Grade	Yrs.	Gross Pay	Retire-ment	Child-ren	Income Tax	Take-Home Pay	Total Pay In Grade
GS-7	2	\$5,850	\$432	1	\$822	\$5,496	\$10,992
GS-9	2	7,350	477	2	871	6,002	12,004
GS-11	5	9,052	589	3	1,052	7,411	37,055
GS-12	4	10,722	698	3	1,383	8,641	34,584
GS-13	5	12,728	824	3	1,798	10,104	50,520
GS-14	8	14,890	987	2	2,460	11,463	68,778
GS-15	8	17,725	1,152	0	3,575	12,997	77,982
30					Yearly Average \$9,763		\$291,895

The years in grade are what would be logged by an officer following a roughly normal career pattern. The base pay figure used is what he would average out to cover his years in grade with his longevity. For example, if the officer, spends 6 years as an O-4 and has 10 years longevity when he enters the grade, we show 2 years at the base pay of an O-4 with 10 years service, 2 years as an O-4 with 12 years and 2 years as an O-4 with 14 years. These will be added together and divided by 6 to get the base pay figure for the O-4 level in the table. To this is added the quarters allowance (\$119.70 a month for an O-4 with dependents) and subsistence allowance (\$47.88 a month for all officers) to get his gross pay figure.

Income tax, of course, is only computed on base pay.

The end column shows the total salary he earned in that grade.

The table for the civil servant shows the number of years in each grade, the average annual pay, the deductions for retirement, the number of children for tax purposes (same as for the officer at all points), income tax, remaining annual take-home pay, and the total earned in each grade.

The table assumes a promotion pattern for a career civil service classified employee ending in grade GS-15 with 30 years' service. For this we have assumed a promotion pattern of 2 years in grade GS-7, 2 in GS-9, 5 in GS-11, 4 in GS-12, 5 in GS-13, 6 in GS-14, and 6 in GS-15. The salary figure, as for the military, is the average of what is earned over the number of years in grade taking into account step increases.

We haven't figured these steps as high as some recent studies but the salary does not necessarily start at the beginning step for each grade. The law calls for a minimum increase on promotion to a higher grade at least equivalent to a two-step increase within the employee's old grade.

Table 3 projects the take-home pay of a civil servant over a full career based on the pay scales to go into effect January 1, 1964. It doesn't include any additions recommended by the President this year. Even so, it shows the recent pay act has moved the civil servant astonishingly far ahead of the military man.

Notice should be taken that the social security tax for military officers rose to \$174 a year in 1963.

CIVILIANS GET MORE PROMOTIONS, LONGEVITY PAY

It is necessary now to justify the career progress of the civil service classified employee as projected in these tables.

It will be said that the civil servant does not progress along any regular pattern as the military officer does, that many never get above the middle grades. This is true. It is also true that those who are not promoted are not forced out.

And it is proper to compare those who go up in the civil service with those who stay in the military system. For though 12 years ago it was true that the great majority of professional employees never got above the middle grades, it is not true today.

And, while many career employees never got above the middle level grades, most frequently they are employees who started down in the clerical grades (below GS-7). Professional employees with higher schooling move up if they have ability. These are the ones we properly compare with officers.

Promotion, longevity

The employee can come into the civil service anywhere along the scale, depending on their experience and training. There are no statutory provisions requiring extended time in grade for the civil service. The minimum time in grade required for promotion is 1 year—for all grades. The military officer averages over 4 years in a grade and he never spends less than 3 years in a senior grade before moving up.

There are also no limitations on the numbers in grade in the civil service until one gets above GS-15. In the supergrades, GS-16 through GS-18, there is a numerical limit, but Congress recently excluded scientist and engineer jobs from the limitation, so that restriction is somewhat meaningless.

On June 30, 1962, there were 1,058,485 classified employees. There were 505,886 in grades GS-7 and above. And there were 23,622 GS-14's and 11,412 GS-15's.

In 1950 there were 2,306 GS-15's for a total force of 701,824 and a force in GS-7 and above of 237,349.

The supergrades didn't start in the Classified Act service until 1949. As of last June 30 there were 1,376 GS-16's, 552 GS-17's, and 264 GS-18's; a total of 13,614 in grades GS-15 and above.

In 1950 there were 220 GS-16's, 52 GS-17's, and 23 GS-18's. Total in grades GS-15 and above in 1950: 2,601.

This adds up to about a one-fourth increase in the total number of employees since 1950 and about five times the number of higher grade employees.

The number of supergrades has undoubtedly gone up since last June 30 with the removal of the limitations by Congress.

Another interesting fact is the swelling in the size of the professional force (GS-7 and above) from one-third the total classified force in 1950 (235,349) to one-half the classified force in 1962 (505,886).

To look at the question another way, let's examine some comparable numbers for O-6 and GS-15.

The Federal service last June 30 had 11,412 GS-15's for a force of 1,058,485. About 1.14 percent.

The Army as of last November 30 had 5,000 O-6's for an Army of 956,842—about 0.52 percent.

The Navy had 4,116 O-6's (captains) for a Navy of 659,371—about 0.62 percent.

To take one quick O-5 example: The Army had 12,255 O-5's—about 1.28 percent.

The classified service had 23,622 GS-14's—about 2.24 percent.

We do not wish to overstate the case. Admittedly, the Army would have more bodies at the lower levels, having divisions full of foot soldiers. Admittedly, the civil service classified employees sometimes supervise employees of other systems—such as wage board employees. And admittedly, the civil service professional groups were underpaid in 1950 and deserved higher pay and, perhaps, more top positions.

But still, the figures do show they have moved ahead of the military services and confirm that our sample of a civil service career progression is basically fair. We feel it is a fair assumption the bright man can go up faster in civil service than in military service.

The civil servant's promotion is based on merit, job availability, and increased responsibility. He normally competes with a very limited number for promotion—just his own agency and often just his immediate office.

In addition to the legal limitations, a military officer competes with all the officers of like service and grade throughout the service. He meets a stiffer merit test (through the selection systems). He must pass physical and sometimes written exams and there is a more marked increase in responsibility when he is promoted.

Most officers are "selected out" before being able to complete 30 years.

We do not want to get into the relative merit of efficiency and fitness reports. In practice a man needs top markings in both system to keep going up. It might be noted, however, that the civil service reporting system is not always as strict. An employee is marked on three characteristics, he sees his reports and he may institute grievances against those considered unfair.

A military officer is rated on many characteristics. He does not have much leeway to question his reports. An "average" officer is "dead" as far as promotion is concerned.

Another factor that has led to a great swelling in the upper levels of civil service ranks and one never mentioned by the civil service unions is the practice of upgrading without changing jobs. An employee's job description is rewritten: he does the same job but is promoted a grade or two higher. This method has been used to increase pay when raises weren't coming as fast as they liked.

Joseph Young, Government columnist for the Washington Star, on December 17, 1962, reported the following:

"The Civil Service Commission has told Government departments and agencies to quit inflating job grades now that Federal pay has been put on a basis comparable with industry.

"At a recent meeting with the executive officers of the various departments and agencies, the CSC said there was no further justification for giving employees higher pay grades than they are entitled to.

"Warren Irons, CSC executive director, pointed out that the average grade in the Government classified service is now grade 7 (starting salary \$5,540 a

year). Only 4 years ago the average grade in Government was 6.4. And it wasn't more than 10 or 12 years ago that the average grade was grade 5.

"What happened was that agencies, in order to retain and attract the best employees, gave them higher grades than their jobs and duties actually called for. This was because Federal pay trailed industry so badly that inflated job grades was the only way to attempt to compete with industry in paying higher salaries.

"While the CSC didn't actually encourage agencies to inflate job grades, it didn't do anything drastic to discourage them.

"Now, however, the CSC has served notice that it will not tolerate inflated job grades. From now on, employees grades will be set and determined strictly by their job duties and responsibilities, CSC officials said. Incidentally, Congress has been critical in recent years of the practice of inflating job grades.

"To show how prevalent has been this practice of raising grades above what they normally should be, these figures are cited:

"Federal employment rose by 96,000 during the past 4 years. During the same period there has been a 78,000 increase in the number of grades 11 through 15.

"Of course, not all this resulted from grade inflation. As the Government intensified its activities in the fields of science and technology, there was need for more scientists, engineers, and so forth with the result that there were more higher-grade jobs available.

"Still, the large increases in upper grade jobs resulted in part from inflating the worth of a job by raising its grade.

"For example, the Army Department's record in this regard has caused considerable eyebrow raising.

"Despite the fact that Army's total civilian employment during the past 4 years decreased by 14,000 there was an 8,000 increase in the number of grades 11 to 15. CSC officials suspect that there has been considerable job grade inflation going on in Army."

The figures for the Army are startling but one finds similar experiences in other areas. To take just one more example, the Bureau of Naval Weapons, in its semi-annual statistical report for the period ending June 30, 1962, lists a total of 3,437 full-time civilian personnel—including ungraded employees.

A breakdown in the report shows there were 89 promotions from grade GS-13 to GS-14 and 29 promotions from GS-14 to GS-15 in the 6-month period. On an annual basis that works out to a 32-percent promotion of GS-13s to GS-14s and a 16½-percent promotion of GS-14s to GS-15s.

By contrast, in the Navy about 10 percent of O-4s are promoted to O-5 yearly and about 6 percent of O-5s are promoted to O-6.

The Bureau had 356 GS-14s and 159 GS-15s on June 30. If the 6-months' promotion experience for GS-14s was the same for the first half of the fiscal year that would be 178 new GS-14s (2 times 89).

That's a 50-percent increase in GS-14 grades in 1 year.

As a result of such upgrading, the Budget Bureau, as another well-known civil service columnist Jerry Klutz of the Washington Post, reported recently, is taking steps to stop the practice.

According to Klutz, the upgrading of jobs has added \$1.2 billion to the civil service payroll budget since 1957. In other words, a sort of hidden pay raise over the last 6 years.

It is interesting to note that the total upgrading cost, \$1.2 billion, is roughly the same as the price tag put on the pay raise proposed for the military services.

A further point which we feel should get more careful study than it has received is the oft-repeated cry that Federal employees are being lost to private industry and that higher salaries are required for them if the Government is to compete with industry for talent.

The turnover statistics usually published don't take into account the intra-Government movement.

The Bureau of Naval Weapons report listed above includes a breakdown of separations during the period January 1, 1962, to June 30, 1962. Note that this was before the first phase of the recent pay raise went into effect.

The report shows 354 separations during the 6-month period—on the surface a fairly big turnover. But the breakdown of the reasons for leaving show that only 36 went to private industry compared to 59 who went to the National Aeronautics and Space Administration, 60 who transferred to other Government

agencies, and 66 who transferred within the Navy. So a total of 185, over 50 percent of separations, transferred to other Government jobs.

The other separations included 44 women employees who left for such reasons as "maternity," "marriage," "follow husband," and "family responsibility." And the balance was attrition due to deaths, retirements, jobs abolished and employees returning to school, home, etc.

The employees are leaving for better jobs but the better jobs are mostly elsewhere in Government.

The yearly loss rate to industry for this group was 2.3 percent. Rather low, especially since it includes all grade levels. The military loss rate is much higher.

Longevity

We would like to turn now to the question of longevity increases and examine how promotions and longevity affect the growth of pay over a whole career for a military man and a civil servant following the promotion patterns we used above.

Increases in compensation in the Government come from three sources: pay and benefits increases voted by Congress, pay increases that come with promotion, and increases given for longevity (in-step increases in civil service).

Just what pay bills will be passed over a career cannot, of course, be analyzed.

But based upon present longevity and promotion patterns we can make some comparisons of how promotions and longevity provide monetary reward in civilian and military careers.

The pay raises due to promotion—that is the amount monthly pay is increased—in a 30-year career amount to \$378 a month for an officer who allows the normal career pattern—ending up a colonel. A civil servant following the promotion pattern mentioned in our earlier table to reach grade GS-15 gets pay increases due to promotion of \$464 a month.

Even with the changes proposed by the Pentagon pay study group the military monthly pay increase would be only \$465. So the pay bill as proposed would merely bring the officer up level with civil service in this category. This takes no account of the fact that an officer going to colonel on normal promotion points has had a lot more responsibility over the length of his career and in his top grade than a civil servant who rises to GS-15.

The figures used here include the rental and subsistence allowance of officers—those factors usually mentioned as giving the military a big advantage.

Increases in pay due to longevity now come to \$436 over an officer's career. Again, this is the monthly increase projected over the full 30-year career.

Civil service pay increases due to longevity come to \$580 a month over a comparable 30-year career.

Even with the recommendations of the pay study group, the total monthly increase in 30 years for a military officer would only be \$479.

It is also interesting to note the manner of longevity increases. Civil service longevity rates average out to 2.26 percent a year.

Even noting the pay study group's tables available at the time this was written the increase for military officers due to longevity would be 11.9 percent for the first 3 years and only 1.7 percent a year thereafter. For the last 8 years of an officer's career—again assuming normal promotion pattern and retirement on 30 years as an O-6 the increase is less than 1 percent a year.

The recent pay act accentuates the advantage in longevity increases for a civil servant over a military man.

Let's compare our O-5 and our GS-14 again:

The O-5 has three longevity hikes if he follows the normal pattern—at 18, 20, and 22 years. After that he goes up or out. His longevity raises are \$580 and come every 2 years. Total range of longevity increases: \$1,740. He can only get three.

The GS-14 step increases are \$450. He can get nine. One a year for the first 3 years; one every 2 years for the next 6 years, and one every 3 years for the next 9 years. Total range of longevity increases: \$3,600.

The President has signed an Executive order telling the Federal agencies to put into effect the provision of last year's pay law that allows quicker pay jumps for high quality performance. That means an employee can be given an extra step increase for doing outstanding work. Such extra increases can be given to one employee no more than once every 12 months. The President has also told Federal agencies to use the authority to hire employees at higher than starting levels of a grade in order to meet private industry competition.

The military have nothing comparable to the provision for extra pay for high quality performance. There is authority in law for responsibility pay but it has never been used. A small percentage of enlisted men can get proficiency pay of \$30 or \$60 a month.

Civil Service now has authority also to withhold regular step increases from employees whose work does not meet an "acceptable level of competence." Civil Service unions are trying to get this provision of law repealed.

As we said, the increase in responsibility with each promotion is greater for a military officer than for a Classification Act civil servant. The increased responsibility that comes with seniority within rank is also much more marked. A civil servant's work responsibility may not change for years in a grade—in fact, his longevity steps were designed originally as cost-of-living increases for those who do not get promoted but who give long service in a job.

For the serviceman the pattern is far different. With the change in assignment every 2 years or so, there generally comes more responsibility each time, a steady increase as he gains experience and time in grade. He has to be capable of taking on ever more responsibility or in time he will be forced out.

Earlier studies

As we said at the start, precise comparisons between the Civil Service and the military ranks are difficult. Anyone attempting a study such as this is bound to be accused of comparing apples and oranges.

But we do believe all of the facts presented here in balance, bear out the conclusion that the civil servant has many advantages in pay and promotion over military officers, that the sample career progression used in our analysis is basically fair, and that civil service classified employees have moved significantly ahead of military men in take-home pay.

The civil service advantage will still hold in the total picture when one considers retirement, survivor protection and other fringe benefits, though the military does have a marked advantage in some areas.

In December of 1961 this newspaper broke the story of a study done at that time in the Pentagon on military and civilian take-home pay. It was designed to show that while military people made less they take home more.

That study was used by those who decided against a military raise last year.

'FREE' SYSTEM OBSCURES RETIRED PAY RELATIONSHIP

A comparison of our analysis with that one shows the figures are very close. For the O-5 their gross pay figure is \$400 higher than ours and their take-home pay \$300 higher. We assumed a somewhat different level of longevity for pay purposes.

The Defense study did not try to balance out the total benefits over a whole career, as we have here. It simply picked up comparisons at several points in the scale.

For civilians, the Defense study tables took the average earnings by grade for all Government agencies as of June 30, 1961. The closeness of our gross pay figures to theirs would indicate we were correct in estimating average salary in grade for our projection of a civilian career. For a GS-15, for example, the Defense study estimated total salary of \$14,455 compared to \$14,450 in our study. Since theirs was made a year earlier, ours would appear to be conservative.

On take-home pay they estimated \$10,787 while ours came out \$10,971—a difference of slightly under \$200. The difference is that the Defense study included the deductions for medical care, and for life insurance, which we have compared separately. We put the average cost of medical care coverage for the civil servant at \$151. Yearly insurance deductions run about \$60.

The Defense study merely compared take-home pay after standard deductions. It did not go into the comparative value of what those deductions buy, as we will here, or into a discussion of comparative fringe benefits as is done in this study. Also, the Defense analysis did not go into the long-range effect of longevity and promotion policy on pay and on total earnings over a career. Nor did it examine whether the military man might be just as well off—or better—if he contributed to his retirement like the civil servant does. We'll examine this question in the next section.

But basically the statistical comparisons were close. And it is interesting to note that even using the older Defense table the take-home pay of a GS-15 was increased \$2,000 a year by the raise that goes into effect next January 1.

Will the combination of the new military raise and the new quarters allowance increase add that much to the O-6's take-home pay?

Retirement restrictions

The civil servant is under a 2-year ban on selling to the Government. This is an ancient criminal statute, seldom invoked, that applies to all officers of the Government, civilian and military.

The military officer, in addition to this, is under a 3-year ban against selling to any agency of the Defense Department, including a rather ill-defined restriction on "indirect selling" which includes any kind of contract work with the Government or leading to Government contracts.

At the recent conference on problems of military retirees sponsored by the Air Force Association and the Department of Labor, a representative of industry said that the restriction was so uncertain that many firms were refusing to hire retired military officers to avoid trouble with the Government.

There has been a lot of talk and discussion and headlines and congressional investigation of the dangers of undue influence by retired military officers. One never hears the same charges about former civilian employees of the Government, and a preliminary congressional investigation into the influences of scientists and engineers who work as consultants for both the Government and private firms was quietly called off.

The retired military officer is also restricted by the Dual Employment Act which prevents Regular officers from holding most Federal jobs and by the dual compensation laws which limit the total income of most who do work for the Government to \$10,000 a year.

Federal employees do not normally work for the Government after retirement. They are not forced into a 2-career life such as the up-or-out theory that governs the military.

Leaving aside the question of whether or not the up-or-out pattern is the most desirable way to handle armed service officer personnel, the fact is the military officer is subjected to it. He must be able to move up at regular points, or he is forced out.

Except for the very small percentage who make general or flag officer (less than 1 percent of the entire officer corps), even those who complete a successful career according to the normal pattern, reaching an O-6 rank, are forced out at 30 years' service, whether they want to leave or not. It is true that this means a longer period of drawing retired pay than is generally true for civilians—in Government or out—but it is done for exigencies of the service and not with the benefit of the individual in mind. In fact, a study of military retirement laws will show that they have always been used primarily as a tool of personnel administration, vitalization of the Active Force being considered first rather than the benefit of the individual.

This basic situation never seems to be taken into account in considering the restrictions on retired military officers working for the Government.

Retired civil servants can work for the Government as consultants, and a recent Court of Claims decision upheld their right to work as consultants and continue to draw full retired pay.

Regular military officers can work as consultants to the Government—but their income is subject to the dual compensation limitation. A retired civil servant whose retired pay is above \$10,000 can work for the Government as a consultant with no limit on his consultant pay. A retired military officer with the same retired pay could not receive any consultant fees from the Government regardless of their comparative years of service.

There are other restrictions on the military. They are subject to recall involuntarily. For some time there has been confusion as to just how much they are subject to military laws and as to when, and if, their retired pay can be cut off.

Advantage: The civil servant all the way.

Medical care

The Government provides complete medical and hospital care for the military man and the benefit continues after he retires on a space available basis. Hospital space is no longer being programed for retired personnel and with the steady, heavy increase in the number on the retired rolls, the time is not far off when space just won't be available. Other methods of providing retired care are being looked into, such as a possible group insurance plan modeled after that available to civil servants.

Medical care is also provided to military dependents with only a small cost when hospitalized. No dental care is provided for dependents in the United States. It is occasionally available overseas.

Civil servants generally get no free medical care or medical and hospital service in Government facilities.

Certain Federal employees get care in Government facilities in certain cases.

Civil servants get group health coverage for which they pay about two-thirds the premium cost and the Government pays the remainder.

The medical insurance cost varies according to how much insurance the employee wants to buy and how many people he wants to cover. There are more than 30 separate plans available and, naturally, single people pay less than married employees providing coverage for families. The high option includes all the coverage you can get under a given plan. The low option under the Blue Cross-Blue Shield plan is \$3.44 every 2 weeks and the high option is \$5.82. This is the plan most employees have. (For single employees, by comparison, the costs run \$2.11 and \$1.30.) For a female employee with a nondependent husband the cost usually runs about \$1.30 higher than for regular family coverage.

Taking the standard family coverage, which would include the great majority of Federal employees, and taking the high option in all cases, to get service most nearly comparable to what military families get, the Blue Cross-Blue Shield figure is a good average.

Thus the cost of medical care runs \$151.32 a year.

The cost for military dependents for hospitalization runs \$1.75 per day in military facilities. In civilian hospitals, \$1.75 a day or \$25, whichever is greater.

A number of items are not paid for by the Government. For example, patients pay extra for private rooms. There are also dollar maximums the Government will pay for certain services and limits to the number of days' hospitalization for some disorders. There are also charges for some nonhospital care.

Civil servants who get group hospitalization will probably have some costs in addition to what their policy covers, depending upon their income. And, of course, in many cases they will have medical care costs not covered by their group plan, such as routine doctor visits. So it is fair to assume the civil servant will have medical care costs over and above their insurance premiums equal to what dependents have to pay.

Thus, the dollar value—about \$151 a year—of the medical care provided military personnel and their dependents is about the same as the civil servant pays in health plan fees. Because the civil servant will pay extras beyond his fees if actually sick, the gap between the two groups widens.

This is for the most widely-used civil service plan. Even if one took the plan that provides the maximum care—which is not widely used—the premium would be \$11.51 every 2 weeks, or \$299.26 a year. And this is tax deductible.

Advantage: All on the side of the military.

PX's—commissaries

Civil service employees have no exchanges or commissaries except when stationed overseas or at some remote stateside activities.

Almost all military personnel have exchange privileges and the great majority have commissary privileges. It allows them to buy groceries and a great variety of other items at somewhat reduced prices.

At one time the privilege was a substantial one for the military man. It has been whittled down since World War II due in part to political pressure from local and national retail groups. But it is still a benefit which is of value to a military family.

How much of an asset is it in monetary terms? The Defense Military Pay Study Group put a price tag on the benefit in terms of the cost of the Government of providing it.

They found that commissary privileges are worth \$46.20 a year per officer and exchanges are worth \$27.18 per officer. For enlisted men the figure averaged out to \$24.75 and \$17.83. This would make the total value of the two worth \$73.38 to the average officer, \$42.58 to the man.

The Pay Study Group arrived at its figures by taking the actual cost to the Government of providing the benefit and dividing it by the total number of men involved. This figuring from the Government cost angle is, of course, an acceptable way to compute the value of a benefit.

But we think the figure is too low, particularly for commissaries. When it is considered that many do not have commissary privileges it is clearly seen that the value is increased for those who do. And since some of those who do not

are fed by the Government we think it is fair to consider the increased value of commissary privileges to those who have it.

A precise figure on the number who use commissaries is not available and therefore an exact computation of the benefit of the privilege cannot be made. But we think the annual cost savings to a man shopping in commissaries would likely be about double the figure arrived at by the study group—that is, \$92.40 for an officer.

The exchange cost estimates made by the study group would appear to be more nearly correct, since almost everyone has exchange privileges and since what is bought there is not as often basic-need items. Also, exchange prices on most items are closer to the normal commercial costs than commissary prices.

But again to be conservative, let's increase the estimated value to the individual by 50 percent over that estimated by the pay study group. That would put the annual value at \$40.77 for the average officer.

So—using our liberal calculations—the total annual value of commissary and exchange privileges to the typical officer is about \$133.

That's about \$2.05 a week.

Advantage: A military benefit, but obviously not nearly as important as a lot of people consider it to be.

Note that the total of the much heralded commissary, exchange, and medical care privileges would be about \$280 a year—about \$5 a week. Hardly the equivalent of a modest pay raise.

The Military Pay Study Group's calculation of medical care benefit, again by taking the total annual cost and dividing by the total personnel, came out somewhat higher than ours. They computed the value at \$119.50 for the officer and \$173.39 for his dependents. (For enlisted men, \$119.18 for themselves and \$90.60 for dependents.) We rejected this approach because we felt the total medical budget includes a lot of expenditures that are not reflected in service to patients.

But it is interesting to note that if one took the study group's projections in medical care and commissary and exchange privileges the total value of the benefits would be still only \$366.27 (\$119.50 + \$173.39 + \$46.20 + \$27.18), only \$86 more than our estimate. And that's the equivalent of about \$7 a week.

Workweek

The civil service worker normally works an 8-hour day, a 40-hour week. Craft and skilled workers—the so-called blue collar force—normally get time and a half for overtime and "golden time" for Sunday or for a seventh day in a workweek.

The general schedule of white-collar civil service employees are paid time and a half for the first \$6,435 of their salaries. This is figured on an hourly basis even though, strictly speaking, the classified employee is salaried and not paid by the hour. For employees whose annual salary exceeds \$6,435 the overtime hour rate of compensation is an amount equal to one and one-half times the hourly rate for \$6,435. The result is that employees earning more than \$6,435 receive the same hourly rate for overtime.

Employees earning \$15,030 or more do not get any overtime pay.

As a practical matter this means employees up to about GS-8 receive time and a half for overtime.

The law provides that the Federal employee can be given overtime pay or compensatory time off. Frequently, compensatory time is given for extra work.

In fairness to the civil servants it should be pointed out that when a Federal employee takes any time off during the day for a personal errand he charges it in most cases to his leave—unlike military men and most private industry employees. It should also be pointed out that some higher grade Federal employees take work home or put in overtime without charging the Government for it.

Two points stand out, however. As a normal rule the civil employee is committed to his job for only 40 hours a week with very infrequent demands for long, burdensome hours. And, when he does work overtime, except at the very top administrative levels, he gets paid for it or gets time off later. Most classified employees get more than regular time pay.

The military man gets no overtime pay of any kind. He is available for duty as ordered by his commanding officer and he gets a set pay per month, independent of how many hours a day or days a week he works.

(Enlisted men skilled in their jobs get pro pay—less than 15 percent of the total enlisted force receive it—but this is for special skill and is totally unrelated to hours or pressure of work. The enlisted craftsman getting pro pay a mechanic, a technician—gets less money than a civilian blue-collar worker earns in a regular 40-hour week.)

The military man gets no additional compensation and rarely gets time off for overtime work; that is, work over 40 hours a week that the average civilian considers overtime. What's more the military man works more than 40 hours as a matter of course.

A sampling of 90,000 servicemen recently made by the Defense Department's Military Pay Study Group shows that the average workweek for officers and enlisted men is over 50 hours a week, and workweeks as long as 65 hours are not uncommon.

Something in the neighborhood of 20 percent of servicemen work 65 hours or more. Pilots in the Army and Air Force average 58 hours a week. Ground combat soldiers—Army and Marine—average 55-60 hours a week. Army and Air Force officers as a whole averaged 53 hours a week, combat pilots in the Air Force in lieutenant grade average over 70 hours a week, Navy and Army enlisted men average 50 and 55 hours a week.

In addition, there is the irregularity of military hours—night watches and such—and the fact that a man sometimes is unable to leave his station for long periods—aboard ship, in the field, on long flights, for example.

This is not to suggest that compensation systems be changed. By the nature of military life it would be well nigh impossible to start paying time and a half for overtime. And certainly we are not suggesting that civil service overtime be abolished. But it is clear that the military man makes a much larger commitment of his time and energies toward his job than the civil servant does and this factor should be taken into account in determining his total compensation.

Advantage: Emphatically on the side of civil service.

Annual leave

Military men get 30 days' leave a year. Civil Service employees get up to 26 days a year. On the surface it looks as if the military man has the advantage. But let's look a little closer.

The civil servant with less than 3 years' service earns 13 days' leave a year. Those with more than 3 but less than 15 years' service get 20 days a year. Employees with 15 or more years' service get 26 days a year. Employees can count prior military service in determining years of service for leave purposes. Employees can carry up to 30 days' leave from one year into the next. Military men can get accrued leave pay—basic pay and allowances—for up to 60 days' accrued leave only when separated from service.

Generally, Federal employees can take leave at their own discretion. Military leave is granted by the commanding officer and normally only 10 percent of an activity is permitted to be on leave at one time. Regularly, civil servants and military officers lose leave, although it appears military men lose leave more often than civilians do.

Civilian employees, as noted in the discussion of the workweek, take leave for personal errands, which military people generally do not.

But a big difference is that civilian leave is measured in working days. Military leave is counted in calendar days. A military man with 30 days' leave gets 4 weeks and 2 days off. He needs 36 days of his type leave to equal the civilian employee, whose 26 days means 5 calendar weeks and 1 day vacation.

Over a 30-year career the civilian employee gets 675 working days of leave (13 times 3 plus 11 times 20 plus 16 times 26). The serviceman gets 640 working days of leave (five-sevenths of 30 times 30).

Advantage: On the side of the civilian employee.

Retirement

No benefit given military personnel has received as much ballyhoo as the allegedly glorious military retirement system. Let us hasten to add that neither the military nor the civil service retirement systems are anything to be sneezed at. Both are exceptionally fine systems compared with the millrun of benefits in private industry.

But the military is usually considered to have the big advantage over the civil servant in retirement. This impression arises from the simple fact that military retirement is free and the civil servant contributes money toward his. Over the lifetime career projected in table No. 3 in last week's issue, using the January 1, 1964, pay scale, a civil servant will contribute \$22,689 toward his retirement.

The military man's retirement, starting at 50 percent on 20 years' service, goes to a maximum of 75 percent for 30 or more years' service. It is computed on base pay only. He also gets social security at age 62 to 65, to which he contributes up to \$174 a year.

Civil servants contribute 6½ percent of their salary toward retirement. While the military man retires on years of service in relation to his grade the civil servant retires on age. The minimum age is 55.

He can draw retired pay earlier for disability and for involuntary retirement such as through force cutbacks.

The civil service system was designed to have the employees contribute 50 percent. Actually, the contributions of all civil service retirees pay for only about 17 percent of what they can expect to get back. The system is repeatedly liberalized, so that percentage is going down.

The civil servant will get in his first 3 years of retirement more than the total of what he has contributed over his career.

RETIRED PAY VALUE OFTEN MISSTATED

Military men know how Congress is continually raising eyebrows over the present cost of military retirement (now over \$1 billion a year) and future cost trends.

Equal eyebrow raising is in order over the bill for civilian retirement. Each year Government agencies pay several hundred million—the fiscal 1963 figure was \$896 million—to supplement the employees' 6½ percent contributions.

But this does not nearly represent the cost to taxpayers of civilian employee retirement. The civil service retirement fund is a trust fund. Uncle Sam has future obligations to make good deficits in that fund. Actuaries have computed just what benefits already earned will cost that fund.

How much? Over and above the present assets of the fund as made up of annual Government appropriations and the workers' contributions the fund today is \$30 billion in debt.

Thirty billion is equal to the whole Federal budget for a year, excluding Defense, space, and debt interest.

The military man's retirement advantage is that he is able to start drawing retirement as early as after 20 years. But few officers retire voluntarily as early as 20 years—retirement that early is generally because they are forced out and is thus mainly for the convenience of the Government.

And unlike the civil service pay system, the military scales offer little incentive for a top-grade enlisted man to stay more than 20 years and very little for an officer unless he is selected for promotion.

And the military man who serves a full 30 years and beyond finds he is not doing as well the civil servant. This is because the civil servant continues to get longevity and can increase his "high 5"—his average years on which his retirement is based—after 30 years. He can also go up to 80 percent. The top military officers hit their maximum base pay at 26 years, juniors, even earlier.

Curiously, it is the highest ranking military officers, the ones who presumably are the cream of the crop, the peak of the pyramid, who do least well by comparison with civilians on retired pay. They get no benefit of service beyond 30 years in computing retired pay.

Also, since retired pay is computed just on base pay it has a lesser relation to total compensation than civilian retired pay. If a military officer and a civil servant have the same gross pay, the civil servant's retirement can be 80 percent of his best 5 years' average gross pay. But the military man does not get 75 percent of his gross pay. It is 75 percent of his basic pay—a figure \$2,500 below gross pay in the case of an O-6.

Graphs Nos. 1 and 2 adjoining give a clear picture of the long-range relation of civil service service and military retired pay. The charts compare an O-5 with a GS-14 and an O-6 and O-8 with a GS-15. They show clearly the civil servant is drawing more retired pay than military men of equal rank and equal years of service. After 2½-3 years, as stated, the civilian has gotten back all of his contribution.

It might be well to tell briefly how civil service retirement is computed.

The amount depends primarily upon length of service and the "high 5" average salary. The "high 5" average salary is determined by multiplying the annual basic salary by the actual number of years and fractions the employee served at each pay rate in the highest 5-year period and dividing the total amount by 5.

The basic annuity in any case may not exceed 80 percent of the employee's "high 5" average salary.

There are three steps to the general formula for computing the basic annuity:

1. Take 1½ percent of the "high 5" average salary and multiply the result by 5 years of service;
2. Add 1¾ percent of the "high 5" average salary multiplied by years of service between 5 and 10;
3. Add 2 percent of the "high 5" average salary multiplied by all service over 10 years.

Instead of using the 1½, 1¾, and 2 percent, there may be substituted 1 percent of the "high 5" average salary plus \$25 for any or all of these percentages if such a substitution will produce a higher basic annuity.

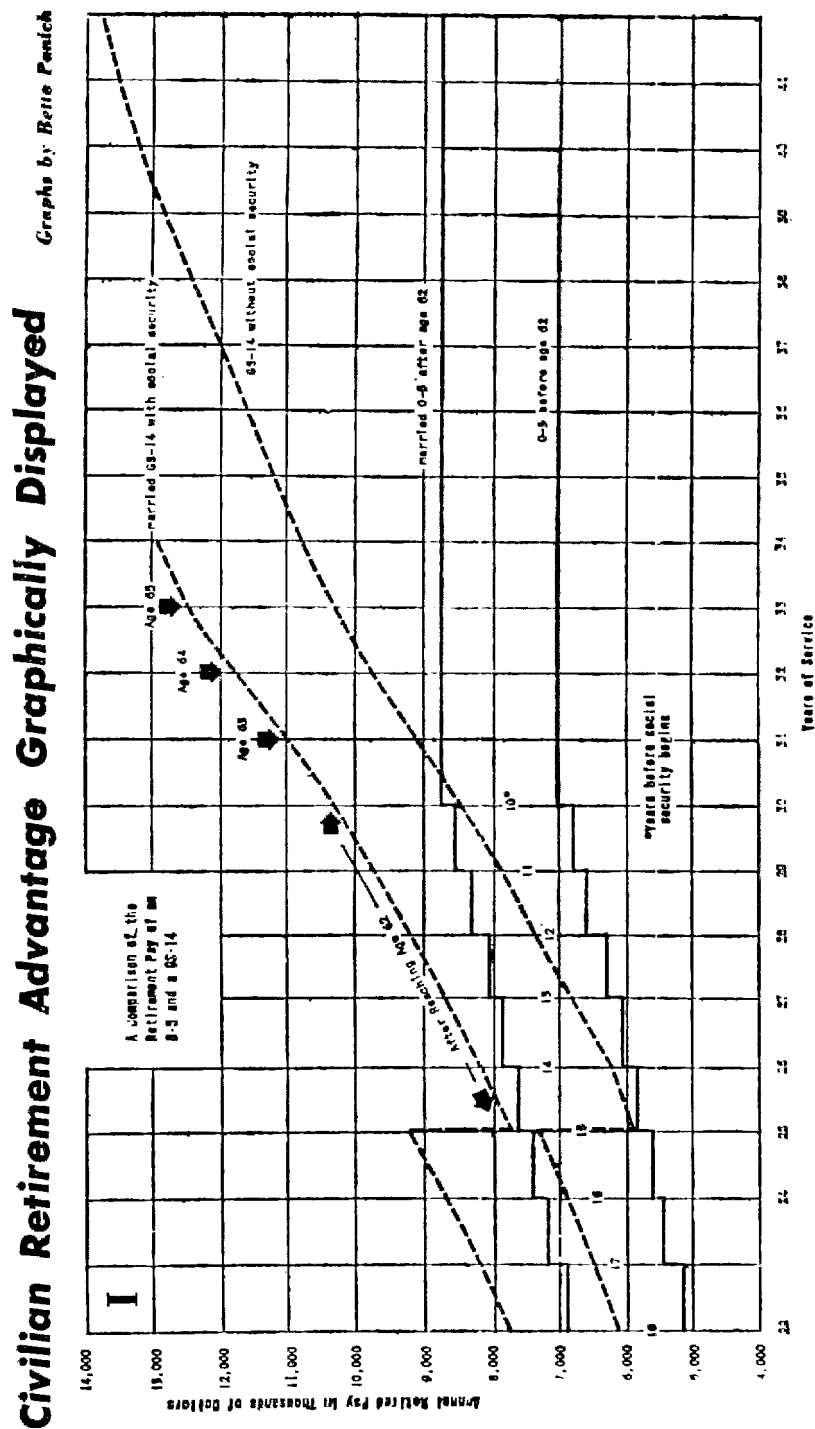
Regardless of length of service the following rules apply in computing basic annuities under the general formula:

(1) If the "high 5" average salary is \$5,000 or more, the highest basic annuity will be obtained by using steps 1 through 3.

(2) If the "high 5" average salary is between \$3,334 and \$4,999, the highest annuity will be obtained by substituting the 1 percent plus \$25 in step 1, and then using steps 2 and 3.

Examples:

A. "High 5" average salary \$6,000; 30 years' service:		
1½ percent × \$6,000 × 5 years of service.....		\$450
1¾ percent × \$6,000 × next 5 years of service.....		525
2 percent × \$6,000 × remaining 20 years of service.....		2400
Highest basic annuity.....		3375
B. "High 5" average salary \$4,000; 20 years service:		
1 percent × \$4,000 + \$25 × 5 years of service.....		325
1¾ percent × \$4,000 × next 5 years of service.....		350
2 percent × \$4,000 × remaining 10 years of service.....		800
Highest basic annuity.....		1475



Graph I above plots the comparative retired pays of GS-14's and O-5's. The civilians' rates are based on the scales effective January 1, 1964; the officers' on present pay.

All are assumed to have begun Government service at age 22 and all are assumed to start drawing social security at 62 when possible. (Starting age is not material in determining military retired pay but is material in determining when social security starts.)

The bottom straight lines show the military retired pay of an officer who retires as an O-5 after the number of years' active service shown. Thus one who retires after 22 years gets \$5,110 retired pay; one who retires after 30 or more gets the maximum \$6,980.

The upper straight lines represent the total of retired pay and social security the same officer will get at 62 if he starts social security at that point. The figures 18 through 10 are the number of years remaining between date of retirement and date social security starts. An officer who started at 22 and retires after 22 years at age 44 in 18 years, at age 62, will be combined pay and social security of about \$6,900. That officer who started at 22 and retired after 30, is 52, gets \$7,000 military retired pay. In 10 years, he will get about \$8,800 in combined military and social security.

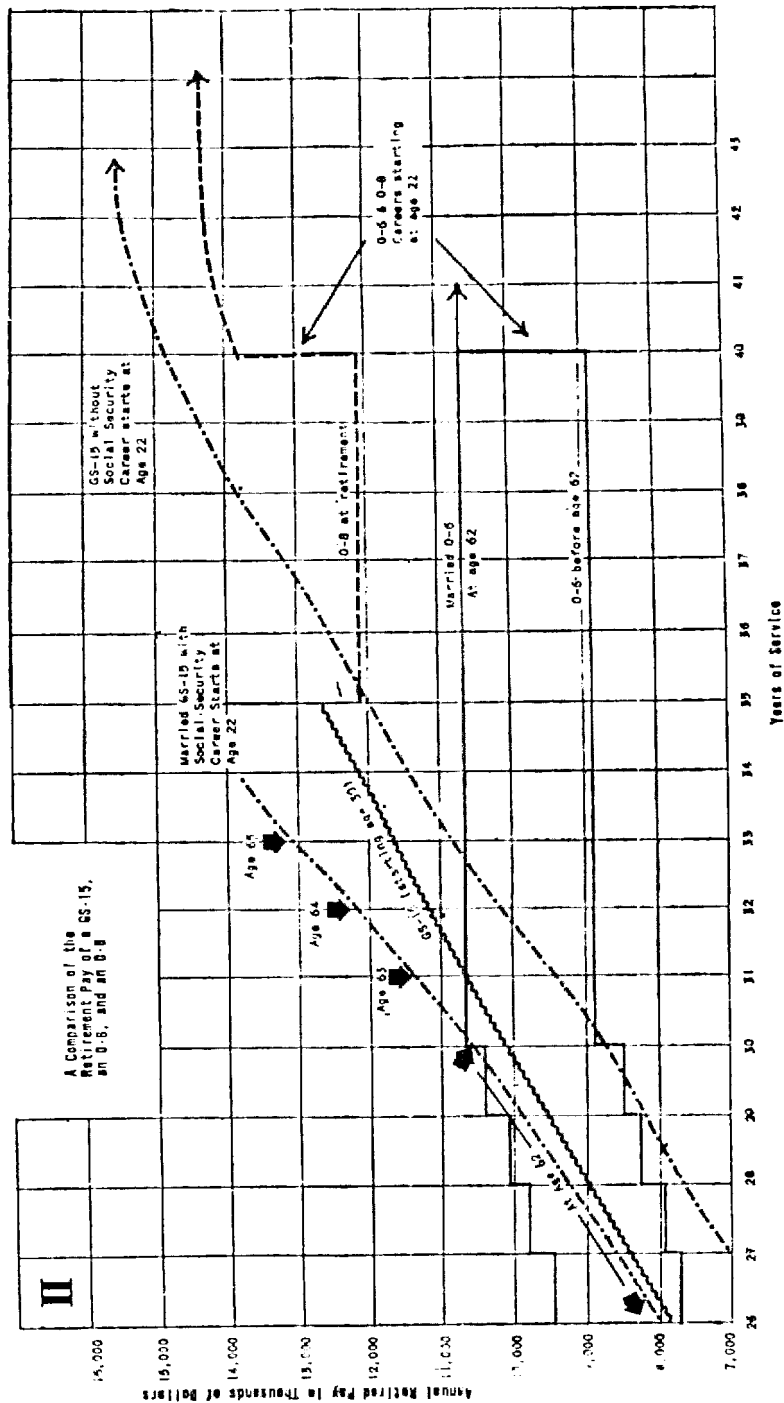
The social security figures includes wife's social security—half the husband's. Now for the GS-14's. The lower broken lines show their retired pay for the number of years' service shown. Retirement below 26 years' service is disability retirement. From the 25-year service point it is straight civil service retired pay. Most retirement below age 55 is involuntary.

The active pay on which the annuities are figured for each year of service is based on the in-grade step the GS-14 of that service reasonably would have reached. GS-14 active pay runs from \$13,615 to \$17,215. The 33-year man would have reached the top but the 22-year one would not.

The top broken line shows what a married GS-14 of each length of service would receive if he drew social security as well as civil service annuity. As with the O-5's the numbers show the number of years each must wait after retirement. The social security which the 31-year retiree would get is calculated on his starting to get it at age 63, not 62. That which the 32-year man would get is calculated on his taking at age 64. And that which the 33-year man would get is figured on the maximum social security, started at age 65. Reason: there isn't time enough for such long-service men to qualify for social security any earlier.

Graph I proves that the GS-14 gets far more retirement pay for any length of service than the O-5 to whom he is supposed to correspond. And even after the serviceman picks up social security (which most will qualify for) the civilian retirees (most of whom will not get social security) are still generally far better pensioned.

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Graph II illustrates the comparative retirement pays of O-6's, O-8's, and GS-15's. This graph is set up like graph I and based on the same assumptions. The following notes differences only.

The straight lines show an O-6's retired pay, without social security (lower line) and with social security (upper line).

The dash line for O-8 begins at 35 years' service. We assume he will serve that long before retirement. At 40 years—when he reaches age 62—his income goes up with the addition of social security.

The chart shows clearly that the GS-15—dot-dash line—even without social security, not only surpasses the O-6 in retired pay but gets more than the O-8—even an O-8 with social security.

A wavy line is added showing the comparative retired pay of a GS-15 who starts his career at age 30. It shows clearly that even if the civil servant starts his career much later than the military careerist he comes out ahead of both the O-6 and the O-8 in retired pay.

Several things should be particularly noted. It is generally assumed the civil servant might eventually end up with higher retired pay because he serves longer—that he'll be better off at age 62 because he has served 40 years while the O-6 can retire on 30. But the chart shows that the GS-15 is better off anywhere along the line after 30 years' service than an O-6, even if both have equal years of service. If both have served 31 years, for example, the GS-15 at age 53 is drawing over \$500 more a year in retired pay than the O-6. GS-15 pay continues to go up yearly while the O-6 stays at the same level until social security age. At the point where he normally retires, an O-8 is drawing just about the same as a GS-15 with 35 years' service.

Though an O-8's responsibilities are much greater than a GS-15's, if both serve 40 years, the GS-15 is almost \$1,000 a year ahead in retired pay even though the GS-15 has been unable to get social security and the O-8 gets it automatically. In the years between his 35th year of service and the time he reaches age 62, the O-8 can be as much as \$2,500 below a GS-15 retiring with between 35 and 40 years' service.

The upper dot-dash line for GS-15 shows the total income with social security added to civil service retirement.

The wavy line for a GS-15 starting at age 30 is not carried out beyond the 35-year point because at that point he would be 65 and presumably would retire.

CIVILIAN HAS MARKED SURVIVOR PROTECTION ADVANTAGE

It may be argued that the retired pay of a civil servant and a corresponding military officer are not too far apart when one prorates the civil servant's contribution over an extended period. It will be said, for example, that the total retired pay a GS-15 draws over a 10-year period after retirement is not more than what the O-6 draws in that time plus the GS-15's contribution.

But the disparity really becomes marked when one compares the survivor protection each can provide out of his retired pay.

The military man provides for his survivors through the Retired Serviceman's Family Protection Act (formerly Contingency Option Act) which is roughly comparable to an insurance policy bought late in life, but a policy without any savings or cash surrender features. The military man pays high for this.

The civil servant can provide more survivor protection much less expensively.

Let's first look briefly at active duty survivor benefits. The military man has an advantage here. Of course, this survivor benefits program was devised because of the nature of his work.

A young service widow with children gets \$112 a month plus 12 percent of her husband's base pay (dependency indemnity) plus social security payments for children of up to \$254 for two or more children (\$10.60 a month maximum for one child).

An O-5's widow can get up to \$2,460 a year from dependency indemnity plus \$1,144 social security when age 62. The widow also can get social security payments for her children. Combined maximum of indemnity and social security is \$5,508. The military man has contributed for social security.

Survivors of civil servants get 55 percent of the annuity earned by the wage earner. The maximum allowed for a GS-14 widow is \$7,590, but the maximum is increased for children under 21 and in school. The employee has contributed 6½ percent of his salary.

Civil servants can get low-cost group life insurance. It is completely optional. It costs about \$60 a year. The military gets a death gratuity furnished by the Government. It is 6 months' pay with a minimum of \$800 and a maximum of

\$3,000. This benefit stops with retirement. The civilian's insurance continues after retirement, at a reduced amount, at no cost to him.

After retirement, the military man loses the dependents indemnity payments. His wife gets none of his retirement pay unless he provides one through the Retired Serviceman's Family Protection Act by taking a reduced annuity. Maximum he can leave is half the retired pay left after paying for annuity.

The retired civil servant can leave up to 55 percent of his annuity to his wife when he dies—"wife" being his spouse the day his retired annuity began.

The reduction in the retiree's annuity will be 2½ percent of any amount up to \$3,600 he specifies as a base for the survivor benefit plus 10 percent of any amount over \$3,600 so specified. The survivor's annuity will be 55 percent of all or whatever portion of the retiree's annuity he specifies as a base.

A retiree entitled to \$4,000 life annuity, for example, designates his wife to receive survivor annuity based on his entire annuity. His \$4,000 will be reduced by 2½ percent of the first \$3,600 (\$90) and by 10 percent of the remaining \$100 (\$40), making a total reduction of \$130. The retiree receives a \$3,870 annuity, his widow \$2,200.

Should the retiree elect to have the survivor annuity based on only \$3,000, his annuity will be reduced by 2½ percent of \$3,000 (or \$75), and he will receive an annuity of \$3,925. His widow would receive \$1,100 annuity.

Employees without a wife—bachelors, widows, widowers, divorcees—can leave an annuity to anyone who has an insurable interest in the retiree's life. The employee must be in good health when he retires.

As chart No. 3 dramatically shows, a civil servant providing an annuity for his survivors equal to the maximum a military officer can provide has a much greater retired pay remaining.

Chart No. 3 is on the next page. Following is a table showing the amounts which can be left to the widow and their cost in reduced retirement pay. Over and above these deductions, the military man has been paying social security taxes, the civilian his retirement contribution.

On balance, the civil servant has a marked advantage in retirement and survivor protection and can achieve combined benefits equal to that of military officers of considerably higher rank.

A comparison of retired military and civil service survivor's benefits

PRESENT MILITARY SURVIVORS' PROGRAM

Rank	At age	Retired Pay	Contingency option	Reduced pay	Widow's income	Widow's after 62
O-3.....	42	\$263	\$25	\$240	\$120	\$224
O-4.....	42	315	27	288	144	248
O-5.....	48	501	54	450	225	320
O-6.....	52	739	90	649	325	420
O-7.....	62	891	143	738	360	473

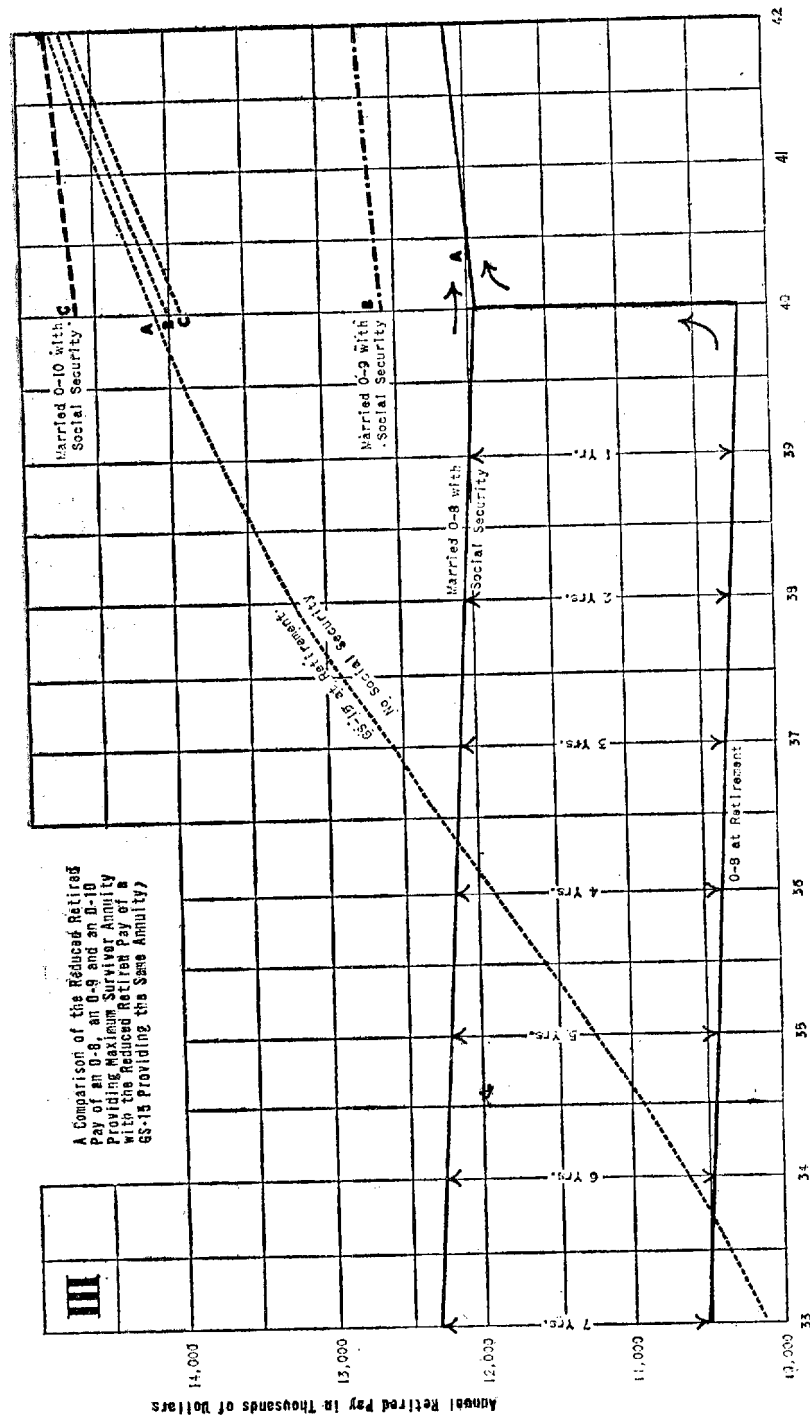
NOTE.—Based on leaving half of reduced retired pay to widow. After 62 income includes social security.

CIVIL SERVANT SURVIVORS' PLAN AS OF JANUARY 1964

Grade	High 5	Retired Pay	Annuity cost	Reduced pay	Widow's income
GS-12.....	\$12,000	\$500	\$37	\$553	\$325
GS-13.....	14,000	600	47	643	379
GS-14.....	17,000	840	62	778	462
GS-15.....	19,000	936	71	865	515
GS-15.....	19,200	1,220	100	1,120	671

NOTE.—Civil service grades start age 22; retire age 55. Bottom line shows GS 15 retiring age 62.

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Graph Illustrates Survivor Costs Disparity

Chart III compares the retired pay of O-8's, O-9's, and O-10's, who are providing the maximum Retired Serviceman's Family Protection Act (contingency option) coverage with the retired pay of GS-15's providing an equal amount of annuity for their survivors. It should be kept in mind that this is by no means the most that GS-15's can provide. They can leave a lot more for survivors under the civil service survivor annuity plan than the military officers can leave under the RSFPA. But the chart shows the retired pay remaining to the GS-15's after leaving an amount equal to the maximum a top military officer can leave.

It shows clearly that GS-15's providing the same annuity for their wives still draw more retired pay than O-8's and O-9's and almost as much as O-10's!

The comparative cost of providing this annuity is discussed elsewhere in this article. Obviously, the retired pay of a civil service supergrade--GS-16, GS-17, and GS-18--then is even higher than that of the top grades of military officers.

For the purposes of this chart it is assumed that all careers start at age 22. We have begun the straight O-8 line and the dotted, curved GS-15 line with retirement on 33 years service. They would rarely retire before that. The upper straight line for the O-8's shows what total income will be raised to after the officers start drawing social security. Year figures in between the lower and upper line show how long they wait before having social security added. For example, an O-8 retiring on 33 years has to wait seven years before getting social security payments; retiring on 34 years service he has to wait 6 years, and so on. Note that the O-8 retiring on 36 years, to take one example, has to wait 4 years before his income is equal to the reduced retired pay of a GS-15 retiring on the same years of service.

Also note that the reduced pay of O-8's actually goes down after 33 years' service. This is because the retired pay deduction is increased as the officer gets older.

It can be seen that an O-8 retiring on 40 years service and starting social security at once, who wants to provide the maximum annuity for his survivors, must take retired pay of \$2,000 a year less than a GS-15 providing the same annuity. This fact says a great deal about the value of the RSFPA and about the comparative benefits of civilian and military careers.

The lines showing the reduced retired pay of O-9's and O-10's are only shown from the 40 years of service point on since it is assumed they would not normally retire earlier.

At the 40- to 42-year points in the curve for a GS-15 there are three dotted lines.

The top one (A), shows his annuity reduced to provide the maximum survivor benefit that an O-8 can provide. Compare that with lower straight line A. The middle line (B) shows what the GS-15 would get after providing as much for his survivor as an O-9 could (lower B). (About \$1,500 more, yet the GS-15 is more nearly equal in job status to an O-6 than to a three-star officer.) Only the full admiral or general can get a little more after providing for his survivors than the GS-15 (compare the two C lines)--and even here if each has served 42 years before retiring, the retired pay each keeps is nearly the same.

MILITARY CAREERS HAVE MANY LIMITS, INCONVENIENCES

Both Civil Service officials and military officers take a beating on per diem. If you have to stay at a hotel and buy your own meals while on Government business, you will find the \$16 a day doesn't go too far. Both military and civilian employees now get per diem pay of \$16 a day.

Per diem

The law provides that under unusual circumstances up to \$30 a day can be allowed. The difference is that civil service is paying the \$30 allowed and the Defense Department is not. Regulations to approve such exceptional payments have not been issued, although the law allowing them was passed last June.

There are other differences. Civil service per diem is reduced only when Government quarters are used. The Government pays for all transportation expenses. Federal employee per diem overseas depends on the cost and living standards in the country concerned. In some cases it exceeds \$16 a day.

Military per diem is reduced when quarters are available, when the man is under instruction, or when traveling.

The latter sometimes means less per diem for the military man. For example, if an officer and a civilian employee in his shop travel across the country together, spend 3 days attending to business and then travel back, spending most of a day traveling each way, the civilian gets per diem of \$16 a day for the full 5 days. The military man gets only the \$16 payment for 3 days. His per diem is reduced for the 2 days he was in a travel status.

Military per diem overseas also varies, often reduced and sometimes increased. When traveling in his own automobile, the civil servant gets a mileage allowance of 10 cents a mile. The military man gets 6 cents a mile. Actually, the law allows paying servicemen up to 10 cents but Defense has never authorized the higher payments.

Military men on PCS orders get 6 cents a mile for themselves and for each dependent up to a maximum of 24 cents a mile. Civilians being transferred permanently get a maximum of 12 cents a mile for themselves and dependents or same rate as commercial transportation, whichever is lower. But they also get per diem on transfer. The military man does not.

Advantage: On the side of the civil servant.

Related to travel is the fact that civilians have a more liberal trailer-moving allowance. Related to nothing so far covered—but still another civilian benefit—is the program of cash awards for suggestions and for sustained superior performance.

Career inconveniences

As we said earlier, the job of a civil servant is pretty much like a similar job in private industry in terms of work environment and personal restrictions. A military career is a wholly different kind of life and is subject to a variety of restrictions and inconveniences.

The most notable inconveniences of military careers lie in the area of family separations. Civil servants rarely are separated from their families. When they are they almost always draw additional pay. Family separations are numerous in the military service and usually not compensated for. (Enlisted men get a modest foreign or sea duty pay.) Navy men in particular are separated for long periods from their families repeatedly throughout their careers. Men in all services experience separations from their families at some time in their careers. In addition to the hardships and inconvenience, this usually results in additional expenses for the family and strained family relationships.

A concomitant of this is frequent moves. The civil servant seldom if ever has to move during his career unless he wants to. Occasionally an agency is moved causing some dislocation for employees but they don't have to go and the whole thing is usually accompanied by efforts to find new jobs for employees who don't want to move.

The military man moves frequently, every 2 or 3 years or more often, and may go to any part of the country or of the world. The officer or enlisted man usually has little influence on where he will go or on the timing of the move. When a military man is ordered to move, he moves—with or without family.

The military man is restricted in the termination of his military career.

A civil servant can quit his job any time before retirement—or move back and forth between civil service and private industry over the course of his career. He can also leave his contributions in the civil service retirement fund and draw retirement at age 62. The average length of service for civil service retirees—that is, those drawing retired pay—in 1962 was around 10 years.

As a practical matter the military officer is not generally prevented from resigning before retirement. But legally the Regular officer serves at the pleasure of the President, and he can be held in the service when his superior thinks it is necessary. Over the past 2 years, in the case of the Berlin and Cuba emergencies, we have seen cases where officers were prohibited from quitting or retiring for certain periods. This authority can be used again in emergencies from time to time and at least temporarily stop an officer's plans to change careers.

In addition, when an officer leaves the service he's out. This is true whether he quits or retires. He can't decide later that he wants to change his mind and go back to a military career without suffering a big loss of place on the promotion lists—even if he is taken back.

The civil servant can come back to the Government again at least at the grade he went out and usually gets credit for the additional experience gained on the outside.

Enlisted men must serve to the end of the period they enlisted for and can be held beyond that point in emergencies through special authority.

Such authority was used during the 1961-62 crises.

Another area where the civil servant has a tremendous advantage over the military man is in the matter of political self-expression.

There are many unions for Government civilian employees. Recently they have been given bargaining rights—in some cases exclusive bargaining rights.

Military men are not given the right to join unions. With the exception of some military associations of limited membership there is nobody to plead the military man's cause for him. The military man is protected in his freedom to write to his Congressmen but such individual letters cannot hope to accomplish what is done by organized groups with professional lobbyists.

(When this study was in its final stage the President signed an Executive order giving unions a voice in annual reviews of civilian pay.)

There is another way in which civil service employees have political influence. Living permanently in one area, the Federal employee becomes identified with that area and in places where there is a concentration of Federal employees their influence with the local Congressman is generally considerable.

The military man, moving regularly, establishes no such local identity and his individual or group problems do not generally get the attention from local Congressmen or local political leaders that civilian employee problems do. When a Congressman fights to keep a military base in his district it is generally in terms of the income it provides locally and the jobs it creates for his area. The welfare of the military man is secondary.

Advantage: On the side of civil service.

A note on housing: Discussion of housing is not included here because the military man's tax-free housing allowance was included in our analysis of his compensation. It should be noted that, when available, Government housing is normally cheaper for the military officer. That is, he is sure he has no rent to pay if he gets Government quarters. But a military man without quarters who draws a housing allowance finds his rent and utilities normally exceed his housing money.

Only a handful of civil servants get housing in the United States. They usually have the same housing privileges as military men overseas and occasionally are furnished free quarters in foreign countries.

The civilian overseas gets rental allowances, educational allowances, and cost-of-living differentials in many cases.

Mr. RIVERS. Mr. Blandford, could this be condensed or——

Mr. BENNETT. Don't condense the letter.

Mr. RIVERS. I am talking about the report. That is rather comprehensive.

Mr. BLANDFORD. I don't see how it can be condensed.

Mr. RIVERS. It is a very fine report.

Mr. BLANDFORD. I think the first page is going to have to be eliminated unless we are going into the advertising business.

Mr. BENNETT. Use your own judgment. I would like to have the letter in in full.

Mr. RIVERS. Put in the whole letter, and Mr. Bates and Mr. Bennett want what the statement has to say put in.

Mr. BATES. Then I would like to get the figures on the cost-of-living increase and have that as a part of the report.

Mr. RIVERS. Mr. Bates also wants as a part of the report the cost of living since the effective date of the last pay increase.

Mr. BLANDFORD. The increased cost of living is approximately 5 percent, as I understand it, since 1958.

Secretary PAUL. That is right.

Mr. BLANDFORD. Here we are in an area of great dispute because cost of living is one thing and rising living standards is something else. You heard testimony from the witnesses that professional pay, for example, has gone up considerably more than the cost of living. We know that the civil service increases have gone up considerably more than the cost of living.

Now, you run into the problem of comparability. Somewhere, someplace along the line you have to decide what you are comparing your pay scales with, and if you take the civil service rate, then your comparability indicates that where there was a relatively small spread between, say, an E-3 and a GS-3, and a GS-14 and a lieutenant colonel, this spread has now increased considerably beyond that.

This then also brings you into the so-called fringe benefit area. And fringe benefits are, again, something that are almost impossible to properly identify. They include, for example, appropriations to the Department of Labor for unemployment insurance involving \$110 million for servicemen who are discharged. Now this is construed as a fringe benefit for the military services.

Frankly, I have nothing but sympathy for people who attempt to write a pay scale and then attempt to compare it, for the military, and attempt to compare it with civil service or industry.

What we are faced with here is a question of a pay bill that will do something to increase the retention rate of our enlisted personnel and increase the retention rate of our officer personnel. Whether or not this bill will accomplish its purpose, we will only know after it has been in effect for a number of years. We do know that with every pay increase we have ever provided there has been an increase in retention rates among officers and enlisted personnel immediately following the pay increase, but it slides off very rapidly and one of the reasons probably that it slides off is that the economy overcomes the pay increase so rapidly, including not only industry but civil service, that the military man almost within a short period of a few months considers himself again underpaid.

I don't know, frankly, how you compare a private serving in South Vietnam or any place else with industry. I don't know how you compare a platoon leader or a pilot of a 104 with an airline pilot, for example. They are two different problems, they have different risks, and of course the pay is fantastically different.

Mr. BATES. That is right. But on the other hand if you know what they got in 1958 you can see what the change is. In that sense I think it is a good thing. I would like to have it put in the record.

Mr. RIVERS. If we get into comparability we will be here until kingdom come.

Mr. BATES. Is there any rule or regulation in the services with respect to moonlighting, Mr. Secretary?

Secretary PAUL. Mr. Bates, there are rules and regulations. I am not personally as familiar with them as I should be. I can get them for you.

Mr. BATES. I would appreciate it if you would put those in the record.

Secretary PAUL. Yes, sir.

(The matter referred to follows:)

XIV. OUTSIDE EMPLOYMENT OF DOD PERSONNEL

A. No DOD civilian personnel and no military personnel on active duty shall engage in private outside employment, with or without compensation, which:

1. interferes with the performance of their Government duties, or
2. may reasonably be expected to bring discredit upon the Government or the agency concerned.

B. No enlisted member of the Armed Forces on active duty may be ordered or permitted to leave his post to engage in a civilian pursuit or business, or a performance in civil life, for emolument, hire, or otherwise, if the pursuit, business, or performance interferes with the customary or regular employment of local civilians in their art, trade or profession.

Mr. HARDY. I think, Mr. Chairman, on the question of moonlighting, I think it is one that we haven't touched on before, and I believe it is an important one, and it may give some indication of the degree to which present pay scales are inadequate, at least in some categories.

Mr. RIVERS. Give the committee the up-to-date definition of "moonlighting."

Mr. BLANDFORD. Having a job in the daytime working for the Government and then having another job in the evening working for a non-Government organization.

The dual employment statutes prohibit individuals from working for the Government for all practical purposes. There were a series of complaints about moonlighting about a year and a half ago and the Department of Defense did conduct a study, I think Mr. Steve Jackson conducted a study on moonlighting, and the extent to which it was permitted in Washington.

I daresay that if you drive into any gasoline station in the Washington area, the odds are that the man who will be serving you gasoline after 6 o'clock in the evening will be an enlisted man who is moonlighting.

Mr. WILSON. Or a civil service worker.

Mr. BLANDFORD. Yes.

Mr. HARDY. The thing I was going to suggest—

Mr. RIVERS. I think it is more around the military base.

Mr. HARDY. Not only that we get the information on the amount of the regulations but also on the extent to which it is a factor in some of these different areas, if you have that information.

Mr. BLANDFORD. I haven't any idea of the extent of it and it would vary all over.

Mr. HARDY. The Department of Defense if it has developed regulations to control it, and you have, you must have secured some information on the extent of the practice.

Secretary PAUL. Yes, sir; we can furnish some information.

Mr. BLANDFORD. I think it is permitted where it does not affect the man's ability to do his job. In sum and substance.

Secretary PAUL. That is right.

Mr. HARDY. You have a series of regulations on it. I have run into them from time to time.

Mr. RIVERS. What have you got that we can concisely put in the record at this point?

Secretary PAUL. We can certainly put the regulations in and we can also give whatever statistics along the lines Mr. Hardy has asked for that we can develop.

Mr. HUDDLESTON. Moonlighting is certainly better than being on welfare.

Mr. RIVERS. Mr. Osmers?

Mr. OSMERS. Mr. Chairman, because of the rather complex and difficult area of moonlighting, and particularly because of the difficulty in identifying it, and I refer, for example, to what Mr. Blandford has said about work at a filling station; often men working in a capacity like that, Mr. Chairman, are not placed on the payroll of the business organization.

They receive out-of-pocket cash and from the standpoint of the Department of Defense records they are not moonlighting. Or they are cutting lawns or doing work of this kind for which they do not—their social security numbers are not required and withholding tax forms are not used.

So that I am afraid, Mr. Chairman, unless you took a little bit more careful look than shoving some figures in the record here you may be doing the subject something of an injustice.

I am not trying to prove anything here at all, except that this is a pretty complicated area. If you wanted to get into it, all right.

Mr. BENNETT. I don't know why they would not be under social security in a gas station. There is nothing prohibiting them from doing it. They would get another retirement benefit.

Mr. OSMERS. That is very true, but as a practical matter, from the standpoint of the serviceman he probably takes \$2 or \$3 in cash from the proprietor or the manager and gets—

Mr. BENNETT. He gets social security.

Mr. BLANDFORD. He is already covered by social security under the law since 1956, all service personnel are paying toward social security.

Mr. BENNETT. Can't a man if he moonlights get social security in addition to his benefits?

Mr. BLANDFORD. Yes, but he already gets social security on top of his military pay.

Mr. BENNETT. That is why I said how in the world—

Mr. BLANDFORD. Mr. Osmers is saying that the station manager hires him with the understanding that he won't report it, it is good for the man because it doesn't reflect in his income taxes and good for the operator because it does not reflect in his withholding tax.

Mr. BENNETT. I can't believe it is very general. I presume these men running the filling stations know that they can have a suit brought against them and be required to pay this back social security. They are not protected because they don't pay it.

Mr. OSMERS. I think about all we have demonstrated here this morning is that moonlighting is a very complicated subject upon which we have very, very little information.

Mr. RIVERS. Mr. Paul said he would give us what he has.

Mr. HARDY. That is all we can do and I think we ought to recognize that.

Mr. RIVERS. We are not going to let that seriously affect the bill.

Mr. OSMERS. No.

Mr. Chairman, I honestly believe that we should proceed with the consideration. If we want to look at moonlighting at some future time, all right.

Mr. HUDDLESTON. May I ask a question?

Mr. RIVERS. Mr. Huddleston?

Mr. HUDDLESTON. Mr. Paul, is the cost of this bill as it came over from the Defense Department, included in the President's budget for fiscal year 1964?

Secretary PAUL. The projection in the budget for fiscal 1964 is a \$900 million additional cost. That was based on the assumption of an October 1 effective date.

If the effective date moves up the cost would be increased. We did estimate an additional annual cost of our proposals at roughly \$1.2 billion for a 12-month period.

Mr. HUDDLESTON. Depending on what the committee does with it, the cost of this bill was reflected in the budget?

Secretary PAUL. Yes, sir; yes.

Mr. RIVERS. You had a budget figure based on October 1?

Secretary PAUL. Of \$900 million, Mr. Chairman.

Mr. RIVERS. That answers your question?

Mr. HUDDLESTON. Yes.

Mr. RIVERS. Now Mr. Blandford, you said something to the effect that we would be unable to proceed if we did not decide on that question.

Mr. BLANDFORD. It is not a question of being unable to proceed. I believe there are two basic issues involved in this pay bill and only two basic issues. I think the rest is relatively unimportant.

Mr. RIVERS. Let me say this before you start out on those.

Hold that. This is the way this bill has struck me and members of the committee.

A lot of things in this bill, Mr. Paul, Mr. Blandford called it to my attention and the chairman's attention to start with, could be treated in different legislation.

At best, with even the minimum contained in this bill, it is difficult to explain to the layman on the floor who is unfamiliar with the technicalities of retirement, longevity, and retirement for pay disability.

So this is the reason, coming to your point now, that we think that some of the subjects in this bill could be treated in separate legislation.

Now, Mr. Blandford?

Mr. GAVIN. May I ask a question at that point?

What is the total overall cost of the pay bill?

Mr. BLANDFORD. \$1,242,503,000

Mr. GAVIN. What is the total annual pay?

Mr. BLANDFORD. About \$6.7 billion today and it will be increased by approximately \$985 million under H.R. 3006.

Mr. GAVIN. This bill?

Mr. BLANDFORD. Yes.

Mr. GAVIN. Give us the first figure again.

Mr. BLANDFORD. The total is approximately \$6.7 billion today for today for military pay and for the armed services. Under this proposal it would be increased, pay and allowances would be increased by approximately \$1.2 billion.

Mr. GAVIN. What is the total overall again?

Mr. BLANDFORD. \$6.7 billion.

Secretary PAUL. That is basic pay alone?

Mr. BATES. It has to be.

Mr. BLANDFORD. That is right.

Mr. GUBSER. You are including retired pay as military pay, aren't you?

Mr. BLANDFORD. No, retirement pay is separate.

Retirement pay is an additional \$96,641,000.

Mr. GUBSER. It would be about \$1,340 million—

Mr. BLANDFORD. No. This is where we are going to get confused on figures. The total cost of the bill as sent over by the Department is \$1,242 million, covering uniform allowances, retirement provisions, you name it, whatever is in the bill. If you pass the bill in one solid package, in one fiscal year, assuming we have a force of 2,710,000, it will cost \$1,242 million. Now you have to break that down.

Mr. GAVIN. All right. Previously then the annual pay would be \$6,700 million and this would be an increase of \$1,242 million.

Mr. BLANDFORD. No, sir. You have to remember, when you talk military pay you have to talk about basic pay, allowances, retirement, you have to talk about uniform allowances, you have to talk about clothing allowances, separation pay, terminal leave pay.

Mr. RIVERS. And subsistence.

Mr. BLANDFORD. That is included in allowances, but you have a whole variety of appropriations that are involved here.

The total cost of this bill—

Mr. GAVIN. The total cost as it is now without this bill, what is that figure—\$6 billion?

Mr. BLANDFORD. No. The total cost of all pay and allowances today, for everything, today, for fiscal year 1964 is \$9,952,100,000.

Mr. GAVIN. All right. And this bill here will increase that by \$1,242 million.

Mr. BLANDFORD. That is right.

Mr. GAVIN. \$1,242 million.

Now, what were you just about to say when we interrupted you?

Mr. BLANDFORD. Frankly, I have forgotten what I was about to say.

Mr. BATES. At which interruption?

Mr. BENNETT. Something about the two most important things.

Mr. BLANDFORD. Yes, what I was about to say to the committee is this: It seems that we have here roughly four major items of grave concern to the morale of the armed services and to the retention rate.

After all, we are trying to pass a bill that will increase retention. We are having no problem getting bodies, but we are having problems keeping the right kind of bodies. So we have got to separate the question of getting people as opposed to the question of keeping people.

Mr. RIVERS. The people you want?

Mr. BLANDFORD. The people we want. The four major points in this bill, as far as I am concerned, and the Department has some differing views, is basically pay, retirement, subsistence and this pro-

posals that the chairman has set forth, known as the separation allowance.

Now, these four proposals are the guts of the committee print. These four proposals, I might add, if we take certain action in this committee, could increase the cost of this bill by about \$271 million a year.

Mr. GAVIN. What are they again, basic pay, retirement——

Mr. BLANDFORD. Retirement, subsistence allowances.

Mr. GAVIN. Subsistence?

Mr. BLANDFORD. And separation allowance.

Now those are what I consider to be the four major issues involved in this situation that we face here today.

If we retain sea and oversea pay, if you arrive at this decision you immediately add \$133 million to the cost of the bill.

Mr. RIVERS. Let's arrive at a decision on that right now.

Mr. BATES. No; less than 30.

Mr. BLANDFORD. No, sir. I will get to that.

This is where I get into the problem of adding and subtracting.

Mr. RIVERS. Let's get things behind us as fast as we can.

Mr. BLANDFORD. Let's agree on the pay for contract surgeons.

There are 67 of them. It has been in the law since the year one. All they are trying to do is give them the pay of captains instead of pay of first lieutenants.

The Navy has no authority to use it, the Army has 67 of them. These people are hired in areas where they cannot find uniformed doctors, they draw the pay of a first lieutenant, now they want to let them draw the pay of a captain with over 4 years service. I suggest we adopt it. We have done it ever since 1942.

Mr. OSWERS. I so move.

Mr. GAVIN. What is the cost of that?

Mr. BLANDFORD. Contract surgeons would cost \$59,000.

Mr. RIVERS. \$59,000? Without objection, we approve that provision.

What is the next?

Mr. BLANDFORD. The next section is the one the chairman recommends we delete from the bill.

Mr. RIVERS. On what page is that?

Mr. BLANDFORD. Page 4. If you delete this you delete practically all of page 4, all of page 5, all of pages 6, 7, 8, 9, 10, and 11 down to line 18. This is constructive credit.

Mr. RIVERS. This is the constructive credit.

Mr. BLANDFORD. Now this, as the chairman states, has no place in a pay bill. There is going to be a recommendation come over here known as the Bolte proposal, which will go into that question.

Mr. RIVERS. For months, and Mr. Blandford has been keeping abreast of it, they have had a committee start off under our old friend John Dahlquist, who had a stroke or some unfortunate paralyzing permanent injury, and they gave the job to Gen. Charlie Bolte and he has done a very fine job on it, as I understand it. I have never seen it. Of course it would come here, as a legislative proposal, isn't that right?

Mr. BLANDFORD. Yes, sir.

Mr. RIVERS. We understand that as a result of the Bolte investigation that sometime, Mr. Paul, we are going to get a proposal as a result of this study.

Secretary PAUL. Yes, sir.

Mr. RIVERS. Now I imagine it is coming, is that right?

Secretary PAUL. It is coming, I hope within a week.

Mr. RIVERS. We think that when this comes, things of this character ought not to be contained in this pay bill because this is the overall selection, promotion, strictly the personnel area.

So Mr. Blandford has brought that to the attention of Mr. Vinson and myself and other members of the committee.

Now, Mr. Blandford?

Mr. BATES. Is there anything else in this bill that is under the study of the Bolte committee?

Mr. BLANDFORD. No, sir; there is no other provision in this bill that I can think of that goes into Bolte.

Mr. RIVERS. You mean in the Bolte report?

Mr. BATES. Yes.

Mr. HARDY. And will the question of constructive credits be discussed there?

Mr. BLANDFORD. Very definitely.

Mr. HARDY. If it is we have no business discussing that.

Mr. BLANDFORD. Not only that, but the Bolte recommendation eliminates constructive credit and this extends constructive credit to a larger number.

Now we have to make up our mind one way or the other.

Mr. RIVERS. We will have enough trouble on this.

Mr. GAVIN. After the pay increase in 1958, Mr. Chairman, was it effective in retaining the personnel in the services?

If so, to what extent?

Mr. BLANDFORD. Well, we have the charts that indicate that after 1958 the first year, 1959, Dr. Long brought this out the other day, that you showed a rather substantial increase in 1959; then, as Dr. Long pointed out, there was a sudden drop in 1960.

Mr. RIVERS. Yes.

Mr. BLANDFORD. And no one can really account for these drops, but we did have a retention increase in 1959 as a result of the pay increase of 1958.

But then what happens is you come along with a civil service pay increase, unions go on strike, the whole cost of living goes up, everybody gets bigger wages than the military and all the effect of your pay increase is lost.

So when you say to yourself that any pay increase that you pass here is going to solve the retention problem, I think in a sense it is just wishful thinking.

You are going to help it for a year or two.

Mr. RIVERS. This is the way the chart shows it.

Mr. BLANDFORD. Yes, sir.

Mr. RIVERS. I think you brought that out very well, Dr. Long. I think that is all we can do, show what the effect of the past has been.

Mr. BLANDFORD. That is right.

Mr. RIVERS. Delete the constructive credit section.

Mr. KILGORE. Does the elimination of this section have any bearing on the total cost?

Mr. BLANDFORD. Yes; it has a saving of about \$1½ million.

Mr. RIVERS. It is very small.

Now, Mr. Paul, what do you think of our observation there?

If this may be treated as well in other legislation, certainly the Department has no objection to this, has it?

Mr. PAUL. No, sir.

Mr. RIVERS. Let's follow our counsel's advice and go to page what—11?

Mr. BLANDFORD. Page 11, "Retired and retainer pay."

Mr. RIVERS. Now if we can come to a conclusion on this today—

Mr. BLANDFORD. This will be a major accomplishment.

Mr. RIVERS. This will be a major accomplishment.

Now, let's go to the next point.

Mr. BLANDFORD. Now, the retirement section, I believe, is probably the most controversial.

Mr. RIVERS. Gentlemen, here is what we have to keep in mind.

The chairman has cautioned me on this, and he is a wise man. Our counsel has cautioned us that we must—and Mr. Hardy has observed it two or three times and Mr. Bates, we must not jeopardize a retirement system.

Everybody is not as persuaded as are we on the great value that these people whom we try to help have been to the country. They are not as strong for it as we are. And taking into consideration differences of opinion and philosophies, we must not jeopardize something that is working. We have to be reasonable men and responsible people.

Now, Mr. Blandford, if you will ever finish looking through those papers.

Mr. BLANDFORD. I am ready to start discussing it, but I had a projected cost study on military retirement pay and I have a few other papers here and I cannot put my hands on it.

Mr. RIVERS. Let's discuss the whole thing.

Mr. Paul?

Secretary PAUL. Will this help?

Mr. BLANDFORD. That might help.

Mr. RIVERS. If we can arrive now at what our philosophy will be for the future, what our position is going to be on that magnificent treatise that Admiral Denfield gave us—I have never seen a finer legal document anywhere, than that prepared by Admiral Denfield and presented by him, and taking this into consideration we have to make these decisions this morning.

Mr. Gavin?

Mr. GAVIN. I merely wanted to ask whether or not this goes back to 1958 and those personnel that were denied the increase?

Mr. RIVERS. It takes up 1958.

Mr. GUBSER. It does the same thing to everybody in the future that they did in 1958.

Mr. BLANDFORD. May I explain what this section does and if I am in error in any way, please correct me, because this is vital to the GAO.

As I understand the purpose of this section, and as it is written, what it does is this: those persons retired prior to June 1, 1958, who

draw their retirement pay under the Carrier Compensation Act will be permitted to recompute their retirement pay under the pay scales that are in effect today.

Mr. GUBSER. Retroactively?

Mr. BLANDFORD. No, sir.

Now, this means that those people retired prior to June 1, 1958, recompute, or the retirement section will permit them to recompute their pay under existing pay scales.

In addition to recomputing, they will receive a 5-percent cost-of-living increase because that is the amount that the cost of living has increased since June 1, 1958.

Mr. KILGORE. Five percent above the 1958.

Mr. BLANDFORD. Five percent in addition to the recomputation and the 5 percent will be applied to the recomputed retired pay. So this is not a small amount of money we are talking about.

Mr. GAVIN. Now you are talking about those that did not receive this increase prior to 1958?

Mr. BLANDFORD. Yes, sir; that is right.

Now, let's understand that there is another section in this bill that says, and this is extremely complicated: The so-called 511 people under the Carrier Compensation Act.

Mr. RIVERS. This is the 1949 disability?

Mr. BLANDFORD. I have to go back to 1949 because it is nondisability that I am talking about at the moment.

Mr. RIVERS. Get those two squared away.

Mr. BLANDFORD. In 1949 we established a new system of disability retirement. We also established a new method of recomputing retirement for those previously retired who had retired with service that was other than actual service performed, constructive credit, for example.

We had a provision in the law that if an individual retired with a so-called tombstone promotion he was entitled to the maximum pay of his grade when he retired.

We took this out in 1947 in the Officer Personnel Act, but we still had many people who retired prior to that.

We had a provision going back to 1939, some of you are extremely familiar with it, known as paragraph 4 of section 15 of the Pay Readjustment Act under which a person who retired who had served in any capacity in World War I who retired as an officer, and that has been construed to mean only a regular officer, would draw 75 percent retirement pay because of his World War I service.

This meant that a man would draw 75 percent of his pay even though he may have served only 12 or 14 years of service. There is a long history as to why that was enacted and who it was intended to benefit.

Mr. BATES. That was like the short 16.

Mr. BLANDFORD. Yes, except this was a lot more costly and we have been plagued with that ever since. That is beside the point. What I am building up to is in 1949 we changed two things, the disability retirement system and method of computing retirement pay for those who had jawbone credit, if you want to put it on that basis.

Now the 411 group, which is the disability retirement section, said to all of those retired prior to October 1, 1949: "You may recompute

your retirement pay under one of two methods. You can keep what you have."

Now what did they have?

They had 75 percent of the pay of the grade in which retired regardless of their degree of disability.

A paraplegic got 75 percent, and somebody with two broken fingers and a cracked knuckle got 75 percent.

Secretary PAUL. Tax free.

Mr. BLANDFORD. Yes. Now why did we do this?

Because we had a study in 1948 as some of you will remember that revealed there were tremendous abuses of the disability retirement system during World War II.

"You retire me and I will retire you tomorrow" sort of thing.

Mr. BATES. Did the committee recommend this?

Mr. BLANDFORD. Yes, they recommended this, this was one of our recommendations and also the recommendation of the Hook committee. So we said to these people, "If you are truly disabled come in and recompute and we will assess a degree of disability at the time you were retired, and apply existing Veterans' Administration standards."

Now many people did this and these people are paid under the Career Compensation Act. But there are about 35,000 officers, if I am not mistaken, who did not elect to be paid under the Career Compensation Act because their degree of disability or their length of service did not give them as much retirement pay under the Career Compensation Act as they got under the 75 percent of the 1942 Pay Readjustment Act as amended.

They had a 5-year period in which to make this election—and they elected to keep what they had.

Mr. RIVERS. Because they got more at that time?

Mr. BLANDFORD. Because they got more at that time and of course it was tax free, every penny of it.

Mr. RIVERS. That was a big item.

Mr. BLANDFORD. Yes, sir.

Now as to this 411 group you are hearing from now, because there is no provision in this bill except a 5-percent cost-of-living increase. What they say is let us recompute under the new pay scales or at least recompute under existing pay scales, even though we apply our length of service or our degree of disability because we made a bad guess when we made our final election.

Mr. HUDDLESTON. We heard from them in 1958, too.

Mr. BLANDFORD. Yes, sir.

Now we do nothing other than give these people a 5-percent cost-of-living increase. The theory behind this is that these people have had an election, a tax-free benefit over a period of time, and they elected to keep what they had and they have been given cost-of-living increases ever since.

Next there is the 511 people, who are permitted to recompute because the Comptroller General ruled that the language in 511 did not give them an election, and it said, they were to receive whichever pay was greater, and there was no election in the section. The Comptroller General said obviously there was no election and the language, "whichever is greater," was intended to be a continuing application.

Now in 1958 the Senate amended our pay bill and said that no one could recompute, including the 511 people.

Am I correct so far on this, Colonel Benade?

Colonel BENADE. Yes.

Mr. BLANDFORD. Now this one group is taken care of in the retirement section because the Comptroller General said that they could continue to recompute except when the Congress said they could not.

Now, we allow this group to recompute on the theory that the Congress, if the Comptroller General can speak for us, intended that this be a continuing application.

So this group, the 511 group, can recompute up to the present pay scales.

But the 411 group cannot. Now bear in mind that in the 411 group you have this problem: These people had a 5-year period in which to make this election.

They are now saying all we want to do is come in and apply our years of service or our degree of disability against the existing pay scales, because we elected at the time only because it gave us more money. You are giving the 511 people who had no election the right to continue to apply their retirement pay against whatever the existing pay scales are today, so why not us?

Now there is some merit in their position I have no idea, perhaps the Department does, of what the cost would be if we allowed the 411 people to recompute under existing pay scales.

Colonel, do you have any estimate?

Colonel BENADE. I am sorry—

Secretary PAUL. If we allowed the 411 people to recompute how much would it add to the cost of the bill, the pre-1949 people?

Colonel BENADE. I don't have a figure.

Mr. GAVIN. Would you explain to us the 411 group and the 511 group?

Mr. BLANDFORD. The 411 is disability and 511 is length of service.

Mr. RIVERS. One made the election, the other did not.

Mr. BLANDFORD. The 411 was given an election, the 511 was not.

Mr. RIVERS. Call it the election group and the nonelection group.

Mr. BLANDFORD. I would like for the testimony at this point—

Mr. RIVERS. Disability for one, and nondisability for the other.

Mr. BLANDFORD. Yes, sir. I would like Mr. Paul and Colonel Benade and Mr. Gorham to explain why the bill as sent over by the Department permits the 511 group to recompute but does not permit the 411 to recompute.

Mr. RIVERS. I wish you would because that question will come up.

Secretary PAUL. May I ask Colonel Benade to deal with that question?

Mr. RIVERS. Colonel, would you do that?

Colonel BENADE. Yes, sir.

Mr. RIVERS. If you don't have accurate figures, give us what you can in the record.

Colonel BENADE. First I would like to clarify the reason why the bill is the way it is.

The Defense Department had in mind continuing the provisions of existing law. Mr. Blandford has indicated, people retired prior to

October 1, 1959, were divided into two categories. The first category is that of persons who were retired for physical disability.

In 1949 Congress said to that group, in effect, "You may keep your present rate of retired pay or you may elect to come under the new system, but if you come under the new system you must also accept the limitations that go with it."

To give a specific example, if a member had been retired for physical disability prior to 1949 and the degree of his disability was 30 percent, he would get 30 percent of the new rate of pay and not 75 percent, such as he was drawing under the old rate.

Generally an individual with less than a 60 percent disability, was better off remaining under the old laws.

Congress, however, provided differently for those members retired for length of service.

Mr. RIVERS. But in the same act.

Colonel BENADE. Yes, sir. The act has also been interpreted by the Court of Claims.

Mr. GAVIN. By the what?

Colonel BENADE. By the Court of Claims.

The legislative history of section 511 of the 1949 act, which dealt with members retired for reasons other than physical disability, in other words, length of service, bears out clearly that there was no intention on the part of the Congress to distinguish between members retired for length of service prior to October 1 and those retired for length of service after October 1.

There was no reason to. Recomputation was an integral part of the retirement system and the member who had served 30 years, we will say, before October 1, 1949, was to be accorded the same treatment as a man who retired with 30 years of service after October 1.

That has been the law right along, and it was the law in 1958.

In 1958 the pay bill said, in effect, there will not be recomputation for anyone, and everyone will get a cost-of-living increase. This, of course, affected the section 511 group as it did everyone else.

What the defense bill does is restore the situation as it existed before June 1958.

It would authorize the section 511 group to recompute, just as they would have been allowed to recompute if it had not been for the freeze in 1958.

And that is all it does. It keeps the situation just as it was prior to 1958.

Mr. GAVIN. Is there anything in here about being retroactive?

Colonel BENADE. No, sir.

Mr. GAVIN. Is there any thought being given to it?

Colonel BENADE. To making it retroactive?

Mr. GAVIN. Yes.

Colonel BENADE. We considered it, but the decision was against it. In the first place, the Congress has been against retroactive features of this kind in this sort of provision.

Mr. GAVIN. Then if this bill passes, they will all be computed on the same basis, same standard?

Colonel BENADE. Yes, sir.

Mr. GAVIN. Now this 5 percent you talk about.

Colonel BENADE. Yes, sir.

Mr. GAVIN. Is that for those before 1958?

Colonel BENADE. The group retired prior to 1949 for physical disability, that is the first category, would receive a 5-percent increase.

Mr. GAVIN. Just the disability?

Colonel BENADE. Yes, sir.

Mr. RIVERS. Everybody gets that?

Mr. BLANDFORD. Everybody gets this up to the effective date of this act.

Colonel BENADE. Members retired for physical disability prior to 1949, the section 411 group, would receive a 5-percent increase in their retired pay.

Mr. OSMERS. Under this bill?

Colonel BENADE. Under this bill; yes, sir.

May I also say one thing more:

In 1955, the Department of Defense in the 1955 pay bill submitted to this committee a recommendation which would have reopened the option for the physical disability retired group, the section 411 group.

It was rejected by this committee. And it was explained very carefully on the floor of the House by Mr. Kilday at that time as to why the committee rejected it.

We had that very much in mind in preparing this bill.

Mr. HARDY. That was in 1949?

Colonel BENADE. In 1955.

Mr. HARDY. 1955.

Colonel BENADE. Yes, sir.

Mr. HARDY. So what you have done is to continue the policy as you understood the congressional policy, understood it previously?

Colonel BENADE. That is correct, sir.

Mr. HARDY. All right; now in arriving at that decision did you give any consideration to the equities which might be involved with respect to the 411's?

Colonel BENADE. Yes, sir; we did.

Mr. HARDY. Then you did not consider that continuing it in this way did any violence to equity as far as they are concerned?

Colonel BENADE. No, sir.

There are approximately 33,000 members who are presently drawing retired pay under laws in effect prior to October 1; that includes both officers and enlisted personnel.

Having very much in mind the problem that we are now discussing, we conducted a records survey last summer of this group. We found that there are perhaps 6,000 who could benefit by coming under the Career Compensation Act.

In other words, more than 27,000 are still receiving more than they could receive under the present bill.

Mr. HARDY. Let's talk about the equity of this with respect to these 6,000.

Colonel BENADE. All right, sir.

Mr. HARDY. Now, if I can satisfy myself on the question of equity that is the only thing I am concerned with in this particular item.

Colonel BENADE. Yes, sir.

Mr. HARDY. Now insofar as these 6,000 are concerned, if you undertook to provide equity with the other retirees, would you not have to consider the advantage which they have had during the past?

Colonel BENADE. Yes, sir.

Mr. HARDY. Did you do that and what is your answer with respect to the 6,000?

Colonel BENADE. That is one of the reasons why we have not proposed disturbing existing law. It is true that this 6,000 might benefit; I wish to make clear, Mr. Hardy, we are not certain that they would. The only way to be certain of that is to make an individual record search and analysis.

We are going purely on the percentage of disability reflected in the records. But in each case you would have to calculate the tax advantage, know the man's personal situation and so on.

Mr. RIVERS. Tax advantage is a very important one.

Colonel BENADE. The point is a very proper one. They have been receiving more in retired pay than members retired after October 1, 1949, with the same degree of disability.

Mr. RIVERS. That is exactly right.

Colonel BENADE. We had that very much in mind. This is always a troublesome area. We went into it very carefully. Having in mind that this committee had previously rejected a proposal to reopen the option we felt—

Mr. GAVIN. You are talking about 1949. How about these after 1958?

Mr. BLANDFORD. This is a different proposition.

Mr. GAVIN. How about the 6,000 after 1958?

Mr. GURSER. May I ask a question?

Mr. RIVERS. Just a second. Don't let's get off the track.

Mr. GAVIN. I asked a question.

Mr. BLANDFORD. They are all right.

Mr. RIVERS. Mr. Hardy has the floor.

Mr. HARDY. If I could button up my thinking on this: Then your determination is that there would only be 6,000 people that could possibly benefit under recomputation; that is, in the 411 group?

Colonel BENADE. Yes, sir.

Mr. HARDY. And from the standpoint of equity, that they are not entitled to recomputation or to any advantage now?

Colonel BENADE. I think that is a fair statement.

Mr. HARDY. That being the case, I am satisfied. I have no further qualms about the matter.

Mr. BATES. Then the ones retired after 1949 got less than this?

Mr. BLANDFORD. For years.

Colonel BENADE. That has been the case for years.

Mr. GURSER. Isn't it true that the life expectancy of this 6,000 would probably be considerably less than the period of time in which they have had this additional benefit that the others did not have?

Colonel BENADE. Yes, sir.

Mr. BLANDFORD. That would probably be true.

Mr. RIVERS. This would be continued on an individual survey.

Mr. OSMERS. I wanted to ask—and possibly he is going to cover it—the effect on the 511's of this bill.

Colonel BENADE. The section 511 group would be treated under this bill exactly as they have been previously treated in the law.

Mr. RIVERS. We just bring them up to 1958?

Colonel BENADE. That is right.

Mr. RIVERS. Where are we now?

Mr. BLANDFORD. At this point I would like to explain to you who would benefit and who would not under this percentage increase and recomputing their pay under existing pay scales. Mr. Bates brought up the question the other day and I would like to put this in the record and indicate to you what we are faced with here.

For some reason or other there are many people who think that recomputation means that everybody will get more pay. This is not correct.

In 1958 we gave a 6-percent cost-of-living increase. It so happens; and you heard Mr. Lovci of the disabled officers talking about this, that there are many people who received more of an increase in retirement pay because of the cost-of-living increase than they would get if they recomputed. As a matter of fact, if you made them recompute they would take a pay cut.

Mr. RIVERS. That is right.

Mr. BLANDFORD. Now, the figures reveal 50,781 officers will benefit by recomputation at an average of about \$482 per officer, but 11,558—now these figures have varied somewhat but these are the figures that were submitted to the Senate last year—will not benefit by recomputation, because the 6-percent increase that they received was greater than the amount they would have received if they recomputed and the answer is simple: We didn't increase the obligated serviceman at all in 1958 and you have an awful lot of short service people who are affected by this provision.

Among enlisted personnel, 108,000 will benefit by recomputation and 37,390 will not.

Now, I think you ought to also know that on recomputation the average enlisted man gets an increase of approximately \$110 a year as opposed to \$482 for the officers. Now, an O-10, under a recomputation; that is, a Chief of Staff, would receive \$4,586 more; a general, \$2,957; a lieutenant general, \$2,359; a major general, \$1,928; a brigadier general, \$1,445; a colonel, \$1,070; a lieutenant colonel, \$561; a major, \$187; a captain, \$133; and a first lieutenant, \$49. These are averages.

The maximum amount that an enlisted man would receive under recomputation is \$130 and the E-6, \$31. These are per year, not per month.

Mr. RIVERS. Well, at that point the general and the lieutenant general would get more because in 1958 we paid them in their rank, whereas before that you didn't go any higher.

Mr. BLANDFORD. That is right. I think it is a mistake to use the \$4,000 figure.

Mr. RIVERS. A four-star general got the same salary as a two-star general.

Mr. BLANDFORD. You are exactly right, Mr. Chairman. We ought to talk about the major general, for example, who would get \$2,359, and then, on top of that, 5 percent of his total retired pay under this bill. Now, these people, to be honest, the people who are going to be allowed to recompute, are going to pick up a tremendous increase, the senior officers will pick up a very substantial amount of increase in their present retirement pay, and I think you should also know

that recomputation for this group will add \$30 million to the cost of the bill. And then the 5-percent increase will add \$56 million more to the cost of the bill.

Mr. HARDY. That is annually.

Mr. BLANDFORD. This is the 5 percent applied to everybody.

Colonel BENADE. As recommended by the Defense Department.

Mr. BLANDFORD. Annually; yes, sir, annually.

Mr. HUBLESTON. Let's see if I get this straight. Everybody except the 411's who were retired for any reason up to the effective date of this act, under whatever law they retired, would be entitled to have their pay recomputed if they want to under the pay scales of the 1958 act and, in addition, will obtain 5 percent?

Mr. BLANDFORD. That is right.

Mr. RIVERS. That is a good statement.

Mr. BLANDFORD. Yes, sir, that is correct.

Mr. OSMERS. Mr. Chairman, because of the apparent disparity between the annual increase for some as compared to others, I wonder if you would relate the increase for some of the officers there to percentages of what they now receive. For example, if a major general receives a \$2,200 annual increase, what is his present total retirement on an average basis?

Mr. BLANDFORD. A major general, according to the figures I have here, on recomputation, will get a 26-percent increase in his retirement pay, and then, of course, on top of that there will be another 5 percent, because of the cost-of-living increase since 1958.

Mr. OSMERS. In other words, he would get 31 percent more than he now receives. How would that apply to an enlisted man, percentage-wise?

Mr. RIVERS. Why not take the highest?

Mr. BLANDFORD. Nine percent for the platoon sergeant, that is E-7, 1 percent for the staff sergeant.

There is no sense in trying to kid ourselves about this. The mail that you get from the master sergeant, he is a rare bird, but the mail you get from a colonel and a brigadier general you can understand. There are real dollars involved here for a colonel and a general on recomputation. On the other hand, put yourselves in their position. They find that if they had retired on July 1, 1958, they would be drawing \$2,500 a year more than if they retired on May 1, 1958. And their argument is that we fought in the same wars. They say, I happened to come in the service ahead of Johnny Smith, or something of that nature, and I am retired 1 month ahead of a new pay bill and for the rest of my life I am penalized to the tune of \$2,500 a year. It is a strong argument. They become downright emotional about it.

Mr. RIVERS. They do.

Mr. OSMERS. Would you say, if I may, would you say that this proposal, across the board, is fair?

Mr. BLANDFORD. Mr. Osmers, I think this is as fair a way as possible to solve this and still remain solvent, because I am going to give you the projected cost of retirement. Now, I think when we do this we ought to bear in mind that we are, in a sense, departing from tradition. We are, in a sense, changing the rules, but Congress is not bound by these rules, because you can argue that these people have never contributed toward their retirement. Mr. Kilday used the argument, as

this subcommittee will well remember, that this is not correct, that these people have contributed toward their retirement because they have received less pay than they would if they were contributing toward their retirement. But bear in mind that retirement is a tontine benefit in this respect; that you have hundreds of people who serve for short periods of time on active duty and if they draw less pay, then what you could consider to be their contribution toward retirement, they don't benefit from. They are drawing less pay so that we can, thereafter, pay those who stay on for 20 years or more, retirement pay. This is one of the nebulous arguments that you get into on retirement.

In my opinion, this section, the way it is written, which guarantees the purchasing power of the retirement dollar is the safest way of handling this and is the fairest way of handling this, even though you have to recognize that you are changing a system and, as Admiral Settle said, in the paper that Mr. Hardy gave me, one thing you are not doing here, while you are guaranteeing the purchasing power of the retired dollar, you are not guaranteeing to the retired man that his living standard will increase as the national living standard increases, whereas the man on active duty, while he is serving on active duty will, if future pay increases are provided, be able to improve his standard of living. But we have a very serious problem before us here and the problem is cost. Now, Mr. Gorham said, in 1970 there will be 25 people on the retired list for every 100 people on active duty. Now, let's look at the projected cost, because Mr. Stratton asked this question. In 1970, under existing law, the costs of retirement would be \$1,868,000 a year. Under the bill, H.R. 3006, and this is without any further pay increases, retirement costs will be \$2,063 million a year in 1970. Now, this just tells a part of the story. If you project retirement costs out to 1984, and this is not unreasonable to project them 20 years, without any further pay increases except that which is contained in the Department proposal, retirement costs for the military will be \$3,500 million a year.

Now, the question came up as to how does this compare with civil service retirement?

I have a projection here in front of me which indicates that in 1972 the total cost of military retirement will be \$2,123 million, the total cost of Civil Service and Federal Employees Compensation Act, which is their disability retirement system, will be \$2,562 million. There is no sense in our trying to conceal the fact that the costs of retirement for the civil service people, the civil service annuitants are going up and they are going to go up considerably.

Mr. HARDY. That surprises me that they are so close together on that projection. I come to the conclusion that there must be something left out of that figure.

Mr. BLANDFORD. I don't have as yet the number of people who are involved in this and I find every time I get into this question of trying to compare civil service with military retirement that I get into so many intangibles that I don't know really where I am.

Mr. OSMERS. Mr. Chairman, I wonder if Colonel Blandford happens to have the total cost in 1984 of the civil service.

Mr. BLANDFORD. No, sir, I do not.

Mr. OSMERS. It is not an important figure, I didn't want it because of anything before us.

Mr. HARDY. These figures reflect the projected outlay in that particular year, was that 1970?

Mr. BLANDFORD. I presume these are projected outlays, projected disbursements.

Mr. HARDY. That is what I am talking about.

Mr. BLANDFORD. That is my understanding.

Mr. HARDY. It doesn't reflect the actuarial commitment at all.

Mr. BLANDFORD. I think the Ford study indicated, if you are talking in terms of what your cost retirement is right now, if you had to have a fund established like an insurance company to pay off your annuitants that the fund is some \$30 billion behind at this moment.

Mr. HARDY. Could we understand what these figures mean with respect to civil service? Does that mean the actual out-of-pocket Government expenditures on civil service retirement?

Mr. STRATTON. For that particular year.

Mr. HARDY. For that year? And that is in addition to expenditures from the fund created by the employees themselves?

Mr. BLANDFORD. Well, now---

Colonel BENADE. May I clarify that?

Mr. BLANDFORD. Yes, because I can't answer that.

Colonel BENADE. In terms of numbers involved---

Mr. RIVERS. Speak up, please.

Colonel BENADE. There are more people on the civil service retired rolls than there are on the military retired rolls.

Mr. HUDDLESTON. You mean in 1972?

Colonel BENADE. There are right now. There might very well be in 1972, also, because the annual civil service retirements are somewhere between 50,000 and 60,000. That is also about the present rate of retirements in the military service and the numbers expected to be retiring annually between now and 1972.

It costs more in terms of disbursements today for civil service retirees than for military, and it probably will up through 1972. The third point raised by Mr. Hardy is what does this represent: This amount includes the contribution made by the civil service employee, which is presently 6½ percent of salary. But I would point out, that when a civil service employee makes a contribution of 6½ percent, and if he did that throughout his career, and if there were no intervening pay increases, the amount contributed would be about 47 percent of the annuity he would receive.

But in practice, it may not work that way. The employee may not contribute that much. Although he may have contributed 6½ percent from the time he came in, the effect of intervening pay increases is such that ultimately the total of his contribution to his retirement pay is substantially less than 47 percent.

Mr. HARDY. Yes, but unless you can tie down these disbursements to a point where you can separate the contributions made by the employees from the total, you haven't got a comparison, because with respect to the military it is a total governmental cost.

Colonel BENADE. That is correct, Mr. Hardy. Speaking with regard to the present population and having in mind that the system was

initiated in the 1920's and was initiated at a much lower rate of contribution, I would estimate that of the annual amount now being disbursed to them, contributions represent about 15 to 17 percent. The balance represents appropriations, money over and above the contribution made by the individual.

Mr. HARDY. So that the hope for 50-50 costs doesn't really mean anything?

Colonel BENADE. Not always, sir. I would also point out that the employee contributes $6\frac{1}{2}$ percent and the employing agency matches that with $6\frac{1}{2}$ percent. But this falls short of the amount actually required, with the result that there is an annual deficiency each year of some 0.83 percent, so that the Government's contribution is, in fact, around 8.33 percent.

Mr. RIVERS. Eight to—

Colonel BENADE. I am sorry, 7.33 percent.

Mr. RIVERS. Seven and a third.

Colonel BENADE. To about $6\frac{1}{2}$ percent, that is correct, sir, that is the present ratio of contribution on the part of the member and the Government.

Mr. HARDY. Just to finish my points in this thing right quickly, then the annual input of retirees is about the same in the military as in civil service?

Colonel BENADE. The way it is running right now, yes, sir.

Mr. HARDY. The annual rate?

Colonel BENADE. Yes, sir, that is right.

Mr. HARDY. And the cost to the Federal Government is what percent? I don't know how you do it, though, if you haven't separated out the contributions.

Colonel BENADE. You cannot generalize.

Mr. HARDY. They are very close together, as I remember the figures that were given.

Mr. BLANDFORD. Just at that point in time.

Colonel BENADE. I agree with you completely. There is no easy answer to it.

In other words, in theory, the employees' contribution should come out to about half of the annuity. But in practice it does not work that way.

Mr. HARDY. The only thing I was trying to see if we can do and maybe we can, is to see whether on an individual basis the Federal Government is paying substantially more for military retirement than for civil service retirement.

Colonel BENADE. It all depends, Mr. Hardy. There are so many considerations involved.

Under the military system an individual gets nothing unless he stays for at least 20 years, or unless he is retired for physical disability.

In the civil service—and it is a rather common practice outside of Government—the individual after 5 years has a vested right to retirement. He can let his money stay in the civil service system and draw retirement benefits at age 62, or he can withdraw his money with interest.

Mr. HARDY. The only thing I was trying to do, Colonel—I understand these differences, but the only thing I was trying to do was to see whether or not we could develop a comparison that would be helpful to us on the floor. Maybe we can't.

Mr. GUBSER. Would you yield?

Mr. HARDY. It is going to come up sure. I was hoping we would have some sort of an answer.

Mr. RIVERS. We will have some kind—

Mr. BLANDFORD. We will try to come up with a general answer.

Mr. GUBSER. Mr. Chairman, may I ask a question right on that point?

Mr. RIVERS. Yes.

Mr. GUBSER. Is there an average amount that you could arrive at, where you have an average for civil service retirement recipients and military retirement recipients?

Colonel BENADE. Are you referring to rate of retired pay?

Mr. GUBSER. An average amount received on a monthly basis. I don't think it is necessarily a meaningful figure.

Mr. BLANDFORD. Yes. All you have to do would be to take the amount of disbursements and divide by the number of annuitants.

Mr. GUBSER. Has anyone ever done that?

Mr. BLANDFORD. It doesn't mean anything.

Colonel BENADE. We could do it.

Mr. HARDY. It would be misleading, actually, because you have a number of people with service of 5 years or more.

Mr. RIVERS. Mr. Blandford, you and the colonel get together and see if we can't get a satisfactory example.

Mr. BLANDFORD. I am trying right now to come up with some—what I am doing, among other things, I have been down to the Civil Service Committee this morning trying to see how far they exceeded—how much the Post Office and Civil Service employees received in pay increases last year, how much that exceeded the administration bill that was sent over.

Now I just say this with malice aforethought, that the Congress didn't hesitate to spend \$300 or \$400 million in 1 year and \$300 or \$400 million the following year more than what the administration has proposed for the Post Office and Civil Service employees and now all of a sudden everybody gets excited about the fact that we might spend a couple of hundred million dollars more than has been submitted here.

Mr. RIVERS. I want to say that the Congress last year paid very little heed to what the administration sent over on the postal increases. Isn't that true?

Secretary PAUL. Yes, sir, they raised it by a considerable amount.

Mr. HARDY. There is one thing, one comparison that I think might be meaningful, if you have it, or if it wouldn't be too hard to get, and that would be a comparison between the average retirement on an individual basis for military people with civil service annuitants who have had 20 years or more of service.

Colonel BENADE. Yes.

Mr. BLANDFORD. We will try to get that. That might be a meaningful figure.

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Mr. GUBSER. That is really what I should have been fishing for in my question.

Mr. RIVERS. Mr. Bennett, you have a question?

Mr. BENNETT. I think I have another line that might be meaningful at this point. That is, if we did accept this thing of going back to recompute—I am going to ask Mr. Gorham this question if I may—if we go back to recompute some of these people in the 1958 status, how do we justify not doing that for the people in the future?

In other words, I want to have the arguments here that make a difference between those people in the 1958 status and those who may be coming in the future with regard to computing their pay on the rank of the person under whom they serve.

Mr. GORHAM. I believe there are two prime reasons.

Mr. RIVERS. Let's hear this, and then we are going to adjourn.

Mr. GORHAM. There are two primary reasons for distinguishing the pre-1958 group and the new pre-1958 group, if you will, the one who will be retiring prior to the effective date of this bill.

The first is that prior to 1958 there wasn't even a hint that this system which had been in existence for over a hundred years was going to be changed. There was essentially a no-warning situation in 1958. There was no reason for any man to defer his date of retirement for he had every reason to expect that after the bill came into effect his retired pay would be recomputed on the new pay scales.

This is not true of those in the active duty force subsequent to June 1958. They have had 5 years under a system which was not recomputation.

The second difference is that in 1958 we had a major restructuring, a decompression, of the pay system. We increased the pay rates of senior officers much more than those of junior officers.

The reason for this change wasn't that the junior- and middle-grade officers were being paid too much money. The reason was rather recognition that we were not providing our senior officers with sufficient compensation. In effect, then, we were telling those who retired prior to 1958 that this overdue recognition of insufficient pay, was going to be perpetuated by not permitting the people retired prior to 1958 to recompute based on the new rates of pay.

Mr. WILSON. Mr. Chairman.

Mr. RIVERS. I want to say this. We are headed to a solution of this and I believe tomorrow morning, Mr. Blandford, we can come to a conclusion.

Mr. BLANDFORD. Yes.

May I remind everybody we meet in 304 tomorrow.

Mr. WILSON. I have some doubts on this. What we are doing on this retirement thing—

Mr. BATES. Raise them tomorrow.

Mr. WILSON. Can I make them tomorrow?

Mr. RIVERS. Yes.

Mr. GUBSER. You may not finish tomorrow, though.

Mr. BATES. No hurry.

Secretary PAUL. Mr. Chairman, I have committed myself to appear before Mr. Hébert's subcommittee tomorrow morning on the junior

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ROTC. If it can be worked out within the committee, I would be glad to go anywhere you want me to.

Mr. RIVERS. This is off the record.

(Discussion off the record.)

Mr. BLANDFORD. Mr. Gorham will be here also.

Mr. RIVERS. Wait. This is one of the vital areas in this bill.

Secretary PAUL. Yes, sir.

Mr. RIVERS. Because it has a lot to do with what we are trying to do. I believe we ought to find a way to resolve this important question, Mr. Blandford. I am hopeful that we might be able to.

Mr. BLANDFORD. Of course, what we hoped to do, Mr. Rivers, was to meet this afternoon, finish with Mr. Paul, and then let Mr. Paul be available to Mr. Hébert tomorrow morning. Unfortunately you cannot meet this afternoon.

Mr. RIVERS. We have two or three other meetings this afternoon, I found out.

Mr. BLANDFORD. I didn't know this. I set it up for this afternoon with the idea of finishing with Mr. Paul this afternoon.

Perhaps we could do this at this point, if we could stay another 5 or 10 minutes so that Mr. Wilson could explore with Mr. Paul his views on retirement, and then we could have Mr. Gorham and Colonel Benade. Then when Secretary Paul finishes with ROTC he might come over for half an hour.

Mr. STRATTON. I have some questions I would like to ask, too, before we adjourn.

Mr. RIVERS. We will let everybody ask them.

Mr. WILSON. My explanation is going to be more with Blandford anyway. So I would say—

Mr. RIVERS. If you can win an argument with Mr. Blandford, I will give you all the time you want and I will turn him over to you from now on.

Now, Mr. Stratton.

Mr. STRATTON. Mr. Chairman—

Mr. RIVERS. Who would your questions be directed to?

Mr. STRATTON. I want to direct them either to Mr. Blandford or to the Secretary.

Would it be fair to say, Mr. Secretary, that the reason why we are concerned about this retirement problem in the military is that, by and large, our retirement policies have reached the point where people retire a lot earlier in the military service than they do in the civil service, and that therefore the length of time that they are receiving retired pay is much greater, therefore the total expenditure to the Government is greater?

Secretary PAUL. That is certainly a large part of the problem and a large reason for the enormous cost of it, Mr. Stratton.

Of course, in the officer ranks retirement is usually after a longer period of time. I believe the average is closer to 30 years than 20. In the enlisted area it is more nearly 20.

That certainly is a major factor. I don't think any of us should feel that we have found the all-time solution to the retirement problem.

Mr. STRATTON. Well, I am just trying to solve in my own mind

this basic question of what the justification is for going back, as the charge has been made, on our original commitment to those in the military service.

It would seem to me what you are proposing here, if I understand this correctly, is—I don't think anybody said it in exactly these words, but I think we ought to get it out—that we cannot hope to pay the active duty personnel the kind of income that they ought to get, make them comparable to people on the outside, if we also have to worry about the impact of these salary scales on the growing numbers of people in the retired pool.

Now is that correct?

Secretary PAUL. I think that is a correct statement. Our No. 1 task must be to manage the active duty force. For the reasons you have stated, this places an inhibition on that.

Mr. STRATTON. Now I would like to try to explore the degree of this inhibition. In the first place your proposal, you are not suggesting that people be retired at a different rate of pay from what they receive on active duty? That is, you are not suggesting it be recomputed on the pay scales in 1948. This retirement pay is going to be computed on the pay scale that exists at the time that they retire; that is correct, is it not?

Secretary PAUL. Yes, sir.

Mr. STRATTON. Therefore the only reason it seems to me for departing from the kind of thing that Admiral Denfeld was talking about here the other day, is that you believe that the person in the military service who gets retired pay is going to be living so long that there will be a substantial differential between the changes in pay that would take place during that period of time for the active personnel, in an effort to try to keep their salaries comparable with civilian pursuits, and the wage scale that he retired on originally, plus the 5-percent differential.

Now isn't that correct?

Secretary PAUL. I think that is substantially correct.

I would just like to add this: The degree to which we might wish to change the active duty scales differs quite substantially from year to year. Take, for example, the difference between the 1958 adjustments and the ones we are proposing now. We are now proposing greater pay raises in certain grades, significantly different from the pay raises that were passed by the Congress in 1958.

What we are trying to do with the retired person is to stabilize and maintain his purchasing power. There are certain situations under—

Mr. STRATTON. But that relatively is a small consideration, isn't it? I mean the difference between whether you are trying to attract more lieutenants and captains now than the majors and colonels and so on. Isn't that in financial terms relatively small?

Mr. GORHAM. I would call it substantial, not small. For example, compare the pay raises you proposed for captains compared with the pay raise proposed for brigadier generals. I believe captains are getting an 18-percent increase. Is that right? That means that persons retired in the grade of captain under recomputation would get an 18-percent increase. Persons retired in the brigadier general grade would get a 5-percent increase.

I think that is a substantial difference in changes in retirement pay.

Mr. STRATTON. That may well be. I am trying to get in my own mind the amount of money that this really represents, because it seems to me that this is basically the argument, we have got to save some money in here or else we won't be able to adjust our pay scales in the future. I am trying to find out exactly how much this is likely to represent.

Mr. BLANDFORD. \$87 million for 1 year.

Secretary PAUL. \$78 million.

Mr. BLANDFORD. I have \$7. I am told that if we apply the new pay scales to those now retired and up to the effective date, including the pre-1958, it would cost \$161 million.

Mr. STRATTON. Well, it is not so much the saving per in this particular year that you are concerned with, is it?

I mean that would seem to be a relatively small saving, but it is over the years.

Mr. BLANDFORD. Well, you have to project your cost, and that is what you are talking about, Mr. Stratton, and this is one of the big problems on military retirement. That even this \$30 million, it is going to cost us for recomputation, can be converted to eventual cost to the Government of approximately \$400 million.

In other words, if you had to establish a fund to guarantee just the recomputation of the pre-1958 group, you would need around \$400 million or more to guarantee them the increased retirement pay just on recomputation up to the effective date of this act.

Secretary PAUL. We estimate between 400 and 600 million as being the lifetime cost of the \$30 million increase we are proposing this year for those people.

Mr. BLANDFORD. Now if you take \$78 or \$80 million, whatever the difference is, as opposed to the 30, that is 50 and that is going to take you up close to a billion dollars just on this recomputation alone if you project it into the future.

It is utterly fantastic. What is going to happen, the Randall Committee is, and as sure as I am sitting here, there are proposals going to come over here which are going to definitely affect retirement.

Retirement is about the last vestige of a privilege that military people have that has really no counterpart other than in the FBI, any place else in the country.

In other words, this privilege of going out on 20 years.

Mr. RIVERS. The military and FBI are the only two groups that I know.

Mr. STRATTON. I don't want to say I am sacred, I just read a book, called "Seven Days in May," in which they had a military revolt because the military did not think they were getting paid enough.

I think we have to worry about this, Mr. Chairman.

Mr. RIVERS. We are worrying about this.

Mr. STRATTON. That is off the record.

Mr. RIVERS. I think the Secretary does have don't we have another little proposal that the Department has agreed to, raising the basic pay in this bill?

Mr. BLANDFORD. We have not gotten to that point yet, Mr. Chairman. That is another point for discussion tomorrow.

Mr. RIVERS. Yes.

MR. BLANDFORD. Which is going to take us back into the basic pay scales, but again until you decide what to do with retirement you cannot do much with basic pay scales, because everything you do with retirement affects future costs.

MR. RIVERS. I think this is all we can—if we can work out a way whereby we can—if we do need the Secretary, maybe get him tomorrow without disrupting Mr. Hébert's committee.

(Discussion off the record.)

MR. BLANDFORD. Ten o'clock tomorrow morning.

MR. RIVERS. Mr. Secretary, what we are going to do, we are going to have to work together on this. We are going to keep you well informed as to how we are going and work with you on it as we have been doing, because I think we are getting along very well and I certainly want to compliment you on your demeanor and your cooperation.

Your cooperation has been excellent. We appreciate it very much.

Secretary PAUL. Thank you very much.

MR. RIVERS. Thank you very much. Let us recess until 10 o'clock tomorrow and we will meet tomorrow down here in room 304.

(Whereupon, at 12:15 p.m., the committee adjourned, to reconvene at 10 a.m., Wednesday, March 6, 1963.)

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
SUBCOMMITTEE No. 1,
Washington, D.C., Wednesday, March 6, 1963.

The subcommittee met, pursuant to adjournment, at 10 a.m., in room 304, Cannon Office Building, Washington, D.C., Hon. L. Mendel Rivers (chairman of the subcommittee) presiding.

MR. RIVERS. Let the subcommittee come to order. We will continue our executive session on H.R. 3006 for the purpose of considering the bill section by section.

Now, Mr. Blandford.

MR. BLANDFORD. Mr. Chairman, I would like to raise some technical points on the retirement section for the guidance of the GAO in the future. I would like to question Colonel Benade.

MR. RIVERS. We will continue our consideration of retired and retainer pay.

MR. BLANDFORD. Yes, sir; it starts on page 11.

MR. RIVERS. Where is Colonel Benade?

MR. BLANDFORD. There is no doubt in your mind, Colonel, that the pay recomputation provided here as well as the 5-percent increase, as well as future cost-of-living increases, will be applicable to those retired under title 3 of Public Law 810?

Colonel BENADE. No, sir; there is not.

MR. BLANDFORD. On the cumulative increase in the cost of living, when it goes to 3 percent or more, is it the intent of the Department of Defense, and is it the intent of this bill if it is enacted into law, that if the cost of living goes up 2.9 percent one year and drops back five-tenths of 1 percent in the next year, and the following year goes up, say, 1 percent, that when the cumulative effect of the increase and the

decrease and the increase goes up to 3 percent or more, it would bring about an increase in retirement pay?

Colonel BENADE. That is correct.

Mr. BLANDFORD. There is no doubt then that this is cumulative in its application?

Colonel BENADE. That is correct.

Mr. RIVERS. Now this takes care of what, a calendar year?

Mr. BLANDFORD. It will be considered on the first of each January, as to the effect during the previous calendar year.

Colonel BENADE. It is the average for the calendar year.

Mr. BLANDFORD. Now we have some minor problems here in connection with some individual cases. For example, we have a situation where an officer was formerly the chief of his service. Then he reverted back, he didn't revert back in grade, as such, because he retained four stars, say, but took another job which was not the chief of his service.

We also have the case of an officer who was the chief of his service, who was then ordered back to active duty in his highest grade but not in his highest pay grade. Because he served at a previous time as the chief of his service is it the intention of this bill that these individuals will receive, on recomputation, the pay of the highest grade and the highest office they occupied while serving in that grade?

Colonel BENADE. It is so intended, Mr. Blandford. If necessary, we would like to try to clarify, working with the committee later, to insure that result.

But certainly it is the intent of this proposed legislation that former Chiefs of Service, assuming enactment of this proposal by the Congress, would recompute on the special rate of pay provided for Chiefs of Staff, Chief of Naval Operations, and Commandant of the Marine Corps.

Mr. BLANDFORD. To translate this into an actual situation, then what you are saying is that it is your intent, and the bill was intended to be drafted so that these former Chiefs of Service would be able, who were retired prior to June 1, 1958, would be able to compute their retirement pay under the \$1,875 per month basic pay figure?

Colonel BENADE. That is correct.

Mr. BLANDFORD. No doubt of that in your mind?

Colonel BENADE. No, sir.

Mr. BATES. Mr. Chairman, how about other promotions that people obtained, spot promotions because of ability, and promotions other than that of Chief of Staff?

Mr. RIVERS. Chief of bureau and so forth?

Mr. BATES. Yes, how about them? What is the difference between individuals who might have been Chiefs of Staff and others who might have held permanent positions but retired in lower rank—

Mr. BLANDFORD. I don't believe we have a problem in that area to my knowledge. The only problem we have is that there is an O-10 grade and then there is a special pay for the Chief of Staff. They don't go above the O-10 grade. O-10 is the highest grade we have in the pay scales. But there is a special pay for the Chief of Staff. This is what creates the problem. We do not have a comparable problem in any other grade.

Mr. BATES. I am talking moneywise.

Mr. BLANDFORD. I am talking about money, also. In other words, the present pay of an O-10, and this is the point that I make, is \$1,700 a month. Now on a straight——

Mr. BATES. That is everything?

Mr. BLANDFORD. Basic pay, \$1,700 a month.

Now on a straight recomputation, without being clear as to our intent, I am of the opinion that this bill as written might bring about a result whereby these former Chiefs would only be able to recompute their retirement pay under the \$1,700 basic pay scale rather than the \$1,875 per month basic pay scale.

Now since these people did serve as chiefs of their service, and since we are permitting recomputation in the highest grade satisfactorily served, I questioned the Defense witness with the intention of bringing out the point as to whether they intended this to apply to the highest pay grade that they received, or the highest pay of the office that they occupied, even though at a later date they continued to serve in their grade, but not in the highest pay attached to that grade while they were the chief of the service.

Mr. RIVERS. So you are sure then, in response to Mr. Bates' inquiry, the only place where there would be any doubt, before having obtained assurance from the Department, was the chiefs of the service?

Mr. BLANDFORD. I would say that the only other possible situation, and I can only visualize this; as an example, would be the Judge Advocate General of the Navy. I believe the law says that while serving as a Judge Advocate in the Navy he will draw the maximum pay of the upper half.

Colonel BENADE. That is correct.

Mr. BLANDFORD. This is a statutory provision but it has not been construed as an entitlement to retirement with maximum pay.

In other words, I don't believe that the law ever contemplated that a former Judge Advocate General could draw 75 percent retired pay based upon 20 years of service merely because he drew the maximum pay of the Judge Advocate General while serving in that office. No one ever contemplated that to my knowledge.

Is that correct?

Colonel BENADE. That is correct.

Mr. RIVERS. President Eisenhower made his personal physician the Surgeon General of the Army with three stars and all the rest of them have two. I don't know whether he had reverted.

Colonel BENADE. General Heaton is still on active duty. When General Heaton retires his retired pay would be computed on the basic pay of the O-9 pay grade; that is, of a lieutenant general. There is no problem in this respect.

Mr. RIVERS. I see.

Mr. BLANDFORD. Mr. Chairman, there is another problem which we must settle. These are little things but these are the things that cause difficulties unless they are spelled out and we understand our intent.

Mr. RIVERS. And when you want a decision, you get the intent of the Congress.

Mr. BLANDFORD. The intent of the committee and the intent of Congress to show that this matter was considered.

Now there is another problem. You know that in past Congresses, we have passed laws which provided that certain generals who served in positions of extreme importance during World War II are entitled to full pay and allowances even though they are retired in one sense of the word in that they are no longer active in the Armed Forces, but considered to be on active duty. There are Admiral Nimitz, General Bradley, General MacArthur, General Arnold, Admirals Halsey, King, and Leahy, General Eisenhower, General Vandergrift, Admiral Spruance. There were certain laws that gave these people full pay and allowances.

Mr. RIVERS. They never retired.

Mr. BLANDFORD. Well, they could. They had the privilege of retiring but still continue to draw full pay and allowances.

Now, the 1958 pay law stated that these people would continue to draw the pay and allowances they were then receiving and would not be entitled to any increase.

I might add that that has been construed so that Admiral Nimitz, to use an example, did not receive an increase in his quarters allowance last year when we increased the quarters allowances because we froze these people who performed such distinguished service to the Nation during World War II. We froze those people at their pay and allowances that they were getting on May 31, 1958.

Now, frankly, I do not know what this bill does to them, because I do not know what sections 6 and 7 of the 1958 Pay Act does. I do not know, and I confess my ignorance, but I think there are others who are as equally ignorant on this subject. I do not know whether Sections 6 and 7 of the 1958 Pay Act would continue to apply to these people, which froze them. Or whether they would qualify for the full pay and allowances provided in this bill. I just don't know. I would like some enlightenment.

Mr. GAVIN. How are you going to find it out?

Mr. BLANDFORD. I have a witness I am about to ask right now.

Mr. GAVIN. I think it is quite an injustice that they are not paid at the 1958 rate. There is quite a number of those.

Mr. BLANDFORD. About six of them I believe, five or six. We are talking about a different category. We are talking about special people. We are talking about Admiral Nimitz, we are talking about General MacArthur, about General Bradley, we are talking about—

Mr. RIVERS. Eisenhower.

Mr. BLANDFORD. General Eisenhower made his election.

Mr. RIVERS. He retired.

Mr. BLANDFORD. No; we restored his grade, but I believe he is drawing the \$25,000 as a former President.

Mr. RIVERS. Colonel, what can you tell us about that?

Colonel BENADE. We are speaking about six admirals and general officers and they are divided into two categories. The first category is General of the Army MacArthur, General of the Army Omar N. Bradley and Fleet Admiral Nimitz.

Under special laws which Congress passed in 1946 with respect to MacArthur, Bradley, and Nimitz, it was provided that they would receive thereafter the pay and allowances of a major general plus a \$5,000 money allowance per annum. The pay of those three officers today is \$1,711.95 a month.

The other three officers are Admiral Spruance, General Vandergrift, and General Spaatz. They are receiving the pay and allowances of a four-star general based on the 1955 pay scale, and their monthly retired pay is \$1,678.61 a month.

On an annual basis there is only a \$400 difference between the retired pay of Admiral Spruance, General Vandergrift, and General Spaatz compared to General MacArthur, General Bradley, and Fleet Admiral Nimitz.

The question that Mr. Blandford raises is a very real one. I believe that if it is the desire of the Congress to increase the present rates of pay of these officers, a specific provision to that effect should be put into the bill.

Mr. RIVERS. Otherwise they will not be included.

Colonel BENADE. I would think that they might not be, Mr. Rivers. Even if they are, if language is put into the bill, it would do no harm and would certainly make clear the desire of the Congress.

If, on the other hand, it is intended that these flag and general officers continue to receive the same rate of pay they are now receiving, then I also believe that some specific reference should be made in the legislation.

Mr. BLANDFORD. Colonel, aren't we making a mistake calling this retired pay?

Colonel BENADE. In the case of the five-star people, Generals MacArthur and Bradley and Fleet Admiral Nimitz, it would be, because they are not retired, they are considered to be on duty at all times.

Mr. WILSON. How about General Eisenhower, is he included in that?

Colonel BENADE. No, sir. General Eisenhower, as I recall—

Mr. BLANDFORD. He is on active duty and he has had his rank restored to him. He receives the \$25,000 that we give to former Presidents.

Mr. RIVERS. But he has the emoluments.

Mr. BLANDFORD. He has aides.

Mr. RIVERS. He is entitled to commissaries and hospitalization.

Mr. GUBSER. If there is a bed available.

Mr. WILSON. I would think he would be included in this group and have a choice as he has had in the past.

Mr. BLANDFORD. This is an extremely complex problem, and I believe, if I am not mistaken, I may be wrong but I believe the Senate put sections 6 and 7 in this bill.

Mr. HARDY. Let's see what we are talking about, because actually it seems to me it would be rather important for us to know whether the language now in the bill affects those two sections or not.

Mr. BLANDFORD. Section 7, and this is the one we are really talking about at this point, says "Notwithstanding any other provision of law"—this is the 1958 Pay Act—"Notwithstanding any provision of law, each officer entitled to pay and allowances under any of the following provisions of law shall continue to receive the pay and allowances to which he was entitled on the day before the effective date of this Act." The Act of March 23, 1946, which was referred to, "the Act of June 26, 1948," which I think was Admiral Spruance and General Vandergrift, and "the Act of September 18, 1950," which was a private law for General Bradley.

Now, in other words, we froze these people who are affected by these three laws to the pay and allowances they were receiving on May 31, 1958. They did not receive an increase in 1958 because they were drawing full pay and allowances, not retired pay but full pay and allowances.

Now, of course, if we provide them with full pay and allowances in this bill, the increase will be quite substantial per individual, because they will go from the old pay of, I think it was \$1,500 a month up to \$1,975 a month. They also will be entitled—

Colonel BENADE. \$1,875.

Mr. BLANDFORD. Yes, excuse me, \$1,875.

Then they will also be entitled to \$201 as a quarters allowance as opposed to the \$171 they are now receiving.

Mr. RIVERS. The Congress has already recognized these men as something extra special, so we needn't worry about this. These men are extraordinarily regarded by the Congress already. So if we decide to do it, it won't be—

Mr. HARDY. I think we need to know what we are doing.

Mr. RIVERS. Right.

Mr. HARDY. Also, I think one of the things we had better keep in mind, if General Eisenhower is drawing—has elected to draw his Presidential retirement rather than his military pay, however it was set up, whether it was retirement or active duty pay, and if we get this thing out of kilter, then we are going to have to give him a reelection.

Mr. BENNETT. It seems to me this whole thing is being made a lot more out of than we ought to, because I think everybody here would like to give them the 5 percent. Why don't we draw up a provision including General Eisenhower giving them 5 percent?

Mr. BLANDFORD. It is a lot more than 5 percent.

Mr. BENNETT. It is a lot more than 5 percent we are giving retirees.

Mr. BLANDFORD. Yes, sir.

Mr. BENNETT. I am not talking about the 14 percent, I am talking about the 5 percent.

Mr. BLANDFORD. What we are talking about is if we let the people draw full pay and allowances you could see that they would draw approximately \$29,000 a year.

Isn't that correct?

Colonel BENADE. Yes, sir.

Mr. BLANDFORD. They are now drawing, I would guess, around \$22,000. I am not sure of my exact figures because of the personal money allowance.

Colonel BENADE. The pay and allowances presently being received by MacArthur, Bradley, and Nimitz, is \$20,543.36 a year.

Mr. BENNETT. They are all getting a certain amount of money at the present time. We are planning on giving retirees a certain percentage cost of living. Why not just apply that cost-of-living rise to what they are now getting? That is as simple as pie.

Mr. BATES. If that is what you want.

Mr. BLANDFORD. If that is what the subcommittee proposes.

Mr. BATES. I have always construed these people to be on active duty, not retired. They are separate and distinct—

Mr. BENNETT. This does not put them in the category of retired.

Mr. BATES. It puts them in the category of those people. They are not retired, they are separate and distinct.

Mr. BLANDFORD. To narrow the issue down, what Mr. Bennett proposes is a 5-percent increase in their active duty pay. What Mr. Bates proposes is that they be given the full pay and allowances of officers of their grade under the pay scales that went into effect in 1958.

The difference is a thousand dollars a year, roughly, as opposed to \$10,000 a year. You are dealing with about \$9,000 difference for these people.

Mr. BATES. Before the last act, what has been the historical situation? I always thought they always got the active duty pay.

Mr. BLANDFORD. We passed special laws for these people and my opinion is that some would then immediately be able to recompute—if we don't put anything in the bill, you could construe this to mean that they will draw the pay and allowances that we put into effect now.

Mr. RIVERS. That is right.

Mr. BLANDFORD. In other words, they could even go up to \$31,000.

Mr. BATES. I thought that always was the case.

Mr. BLANDFORD. It was. Then along came section 7, and this is where I asked for guidance.

Colonel BENADE. I am not quite sure that that would follow. In the case of the five-star officers, Congress provided specifically that their pay and allowances would be that of a major general, and a money allowance of \$5,000 a year.

I am not sure that in the absence of any language in the bill they would automatically be recomputed on the rate provided for a former Chief of Staff.

I think what would happen is that their basic pay would be computed on the basic pay of a major general on the rates provided in the 1958 Pay Act.

Mr. BLANDFORD. That is quite possible. That would then give them, a major general, they would go from \$19,186.56 to \$20,377.20 a year, plus \$4,000 special money allowance, if I am not mistaken. They do get a special money allowance of \$4,000.

Colonel BENADE. \$5,000.

Mr. BLANDFORD. Then they would go from what Colonel Benade has told you is approximately \$20,500 to \$25,500 under Colonel Benade's interpretation.

Mr. HARDY. I should think that would be a pretty substantial raise.

Mr. HUDDLESTON. I don't see how we can possibly pay anybody more than we pay the former Presidents.

Mr. BENNETT. Has there been any kick about the way they have been paid in the past?

Mr. BLANDFORD. There was some objection in the Senate in 1958.

Mr. BENNETT. I am talking about from the men. They haven't raised a point about it?

Mr. RIVERS. They were very picayunish, I think, in not giving Admiral Nimitz the increase in quarters allowance.

Mr. BLANDFORD. May I make a suggestion, Mr. Chairman? I have raised the question because there are two categories of officers involved.

Mr. RIVERS. Before you raise it, let me ask this question: Did we not give these people a special tax consideration also?

Mr. BLANDFORD. Only on the personal money allowance.

I would like to suggest as a compromise between the position stated by Mr. Bennett and the position stated by Mr. Bates, that the position suggested by Mr. Hardy or perhaps it was Mr. Huddleston, might be the answer to this, that what we do is give these people the full pay and allowances that are now in effect for a major general on active duty, plus continue the personal money allowance that was given to them by the special acts of Congress.

In effect, we are splitting the difference. Instead of going up to \$30,000 or staying at \$20,000, they will go to \$25,000 a year, approximately.

Mr. RIVERS. Let them recompute under the two-star general.

Mr. BLANDFORD. Not recompute. We would have to put a special provision in here to let them apply their pay, and we can work this out—

Mr. RIVERS. It would be computed on the two-star rank.

Mr. BLANDFORD. Yes, under existing pay scales.

Mr. HARDY. So that we don't create an awkward sort of situation, let us understand: Under present law, as it now stands, there isn't anybody else who would retire, reach retirement age and continue technically on active duty because there is no special legislation provided?

Mr. BLANDFORD. Not unless we pass it.

Mr. HARDY. So if a Chief of Staff retired now, what would his retirement be? He would retire on a retirement rate—

Mr. BLANDFORD. 75 percent of \$1,875 a month.

Mr. RIVERS. He gets a four-star rate now.

Mr. HARDY. But he has a higher active duty pay, but his retirement would still put him below, considerably below the retirement—

Mr. BLANDFORD. Yes.

Mr. HARDY (continuing). That these special people are receiving. We want to leave them in a special category.

Mr. RIVERS. That is exactly right.

Mr. HARDY. But I don't think we ought to go head over heels.

Mr. BATES. If you leave it as it has been historically, what would the figures be?

Mr. BLANDFORD. I think Colonel Benade summarized this. Historically it would take it to \$25,000.

Mr. HARDY. On the basis of a major general?

Mr. BLANDFORD. Yes. You see, a major general does not get a money allowance—

Mr. HARDY. That is only because he is considered to be on active duty.

Mr. BLANDFORD. Yes, but he is considered to be on active duty as a five-star, drawing the pay of the two-star with the personal money allowance of a five-star.

Mr. RIVERS. Because in those days you had no four-star pay or three-star.

Mr. BLANDFORD. That is exactly right.

Mr. GAVIN. Outside of this group here, the next group of general officers, are they going to be upped to the 1958 rates?

Mr. BLANDFORD. Yes.

Mr. GAVIN. That have been frozen before and are not participating?

Mr. BLANDFORD. Yes, sir, everybody who is paid retirement pay

under the Career Compensation Act will recompute under existing pay scales.

Mr. RIVERS. For the length of service and not disability?

Mr. BLANDFORD. No, even the disability people will recompute, because they were retired under the Career Compensation Act. The only people who will not recompute are the 411 people who have already gotten a break for many years.

Mr. WILSON. Are we going to get into the discussion of the proposed change from the traditional concept of computing retired pay?

Mr. RIVERS. The whole business. You can be in on any part you want.

Mr. WILSON. I don't mean in the debate, I mean right now.

Mr. RIVERS. We have got to get these details first.

Colonel BENADE. Mr. Chairman, may I raise one more point that I think might not be too clear?

I think we have to be careful to remember that we have been talking about Generals of the Army MacArthur, Bradley, and Fleet Admiral Nimitz. I think it would be helpful to clarify the intent on Admiral Spruance, General Vandergrift, and General Spaatz, because their pay is based on the pay and allowances of a four-star general on the 1955 scale.

Mr. BLANDFORD. Give us the totals and perhaps we can come up with an answer.

Colonel BENADE. The monthly retired pay of the last three officers, Spruance, Vandergrift, and Spaatz, today is \$1,678 a month. On an annual basis, that is \$20,143.36. There is precisely a \$400 a year difference at present in the retired pay of the last three officers I have named compared to General MacArthur, General Bradley, and Admiral Nimitz.

Mr. HARDY. This includes all their money allowance, too?

Colonel BENADE. Yes, sir.

Mr. RIVERS. This is for the chiefs of the services?

Colonel BENADE. Each of these officers, sir—Spuance, Vandergrift, and Spaatz—were provided for under special acts of Congress. The rate of retired pay that they are receiving does not relate to the pay of a chief of service. It is fixed by the special act of Congress.

Mr. BLANDFORD. Do they draw retired pay and a personal money allowance; is that the idea?

Colonel BENADE. Yes, Mr. Blandford. They draw the pay and allowances of the O-10 on the 1955 scale. The only thing that puts General MacArthur, General Bradley, and Fleet Admiral Nimitz slightly above Spruance, Vandergrift, and Spaatz is the larger money allowance provided.

Mr. BLANDFORD. Supposing we let these people recompute their retirement pay, not active duty pay, their retirement pay, under the 1958 pay scales of a four-star, not the chief of service but a four-star, and then kept their allowances as they are now, where would that put them?

Colonel BENADE. Well, that would mean that their basic pay would increase from \$1,276.40 a month to the basic scale of the four-star, \$1,700 a month.

Mr. WILSON. This is the basic scale?

Colonel BENADE. That would be approximately \$424 a month more, or in terms of annual, it would increase their retired pay by slightly in excess of \$5,000.

Mr. BLANDFORD. We would be in a strange situation if we gave these people a bigger increase than we gave to the others.

Mr. WILSON. On the other hand, you would be in a strange situation if you didn't allow them to recompute; if you allowed others to recompute.

Mr. BLANDFORD. Yes.

The \$1,067 was based upon what? What was that 75 percent of?

Colonel BENADE. It is not 75 percent of anything, Mr. Blandford.

Mr. BLANDFORD. You said it was retired pay.

Colonel BENADE. The special law said that they would receive the pay and allowances of a four-star general.

Mr. HARDY. They are not getting retired pay, then?

Colonel BENADE. The 1955 pay scale for the O 10 was \$1,276 a month. They receive that full amount. They do not receive three-quarters of \$1,276; they receive the full basic pay. They receive a subsistence allowance of \$17.88, a quarters allowance of \$171, and a money allowance of \$2,200 a year, which in terms of per month is \$183.33. These items added together give a monthly pay of \$1,678.

Mr. RIVERS. And only \$1,200 is taxable?

Colonel BENADE. The basic pay is taxable.

Mr. RIVERS. What about what is left of the \$2,200?

Colonel BENADE. That is not taxable. The \$2,200 is a personal money allowance.

Mr. WILSON. Are they drawing existing active duty pay?

Colonel BENADE. No, sir. On the 1955 pay scale.

Mr. WILSON. I see.

Colonel BENADE. In 1955 the basic pay of a four-star officer was \$1,276.40 a month. Today the basic pay of a four-star officer is \$1,700 a month.

Mr. WILSON. In the four-star category, what if we brought them up into the retired status of existing pay scales and then added those allowances, would this change it clear out of the ballpark?

Colonel BENADE. It would give them more. The laws that pertained to Generals MacArthur, Bradley, and Admiral Nimitz said that they would receive the pay of a two-star general plus the \$5,000 money allowance. But the law pertaining to Spruance, Vandergrift and Spaatz gave them the basic pay of a four-star.

Mr. WILSON. Maybe it is just time to eliminate the money allowance, because if they got the other prerogatives in addition to the full retirement of a four-star based on existing pay, it would set them above any other existing retirement pay and would not reduce them, if I have computed properly in my mind, give them a slight increase and yet would eliminate the special category of just the money allowance.

Mr. RIVERS. They wouldn't want that because there is a tax situation. What would a two-star now--if we gave them the two-star under the 1958 and then give them all these emoluments, how much would that be?

Mr. BLANDFORD. There would be \$2,800 difference.

Mr. WILSON. Compute it, compute what they would get in addition to what the four-star admirals or officers that you mentioned would get. Now they are going to get 75 percent of the—

Colonel BENADE. No, sir, it is not 75 percent.

Mr. RIVERS. What is the full pay of a two-star now?

Colonel BENADE. The rate of a two-star officer right now, sir, is—

Mr. BLANDFORD. \$1,350.

Colonel BENADE. That is right, \$1,350.

Mr. WILSON. This is what four-star retirees are getting?

Colonel BENADE. No, sir, none of them are getting that particular amount.

Mr. WILSON. What are they getting? How is it based?

Mr. BLANDFORD. They are getting the 1955 pay scale.

That was an interesting situation, because we did not create a three-star grade in 1955, if you will remember. We gave them \$100 a month extra if they were lieutenant generals, and \$200 a month extra if they were four-stars, and this got us into real problems when it came to computing this on retirement pay. So in 1958 when we said that you couldn't recompute we did permit those people previously retired to count their \$100 and their \$200 in computing their retirement pay.

Mr. WILSON. But in order to remove the complications—and this is an opportunity for us to do so—let's bring them up to date as you would any other officer of this rank, which will give them a substantial increase, and then in addition let's give the five-star officers other emoluments that will again put them ahead of the four-star former chiefs, and this would give each one an increase, and you eliminate all this monkey business about \$100 or \$200.

Mr. GAVIN. Why don't Mr. Blandford and the colonel get together and reach some decision and make a recommendation to the committee? We all have different ideas. Coordinate the ideas and bring in something that we can understand.

Mr. HARDY. Let me throw this one out, Mr. Chairman.

If we are agreed with respect to the five-stars that we should continue them as their special laws provide on the active duty pay of a major general, and if I understand correctly, at present the only difference between their pay and the pay of these other three officers is \$400, which is due to a money allowance, and the basic pay essentially at the present time—they must be awfully close together.

Colonel BENADE. There is quite a difference in the rate of basic pay but it is compensated for by the larger money allowance.

Mr. HARDY. Why wouldn't we be well advised to put them all on this major general basis, which is the basis on which the special law was passed for the five-stars, and make some difference in the money allowance for these three as compared to the others?

Mr. RIVERS. Now we are on the right track. They will still have these generals of the army preferential to the others.

Mr. BLANDFORD. You will have \$2,800 a year between the four-stars and five-stars if we do what Mr. Hardy suggests, if that is satisfactory.

Mr. BATES. How much of an increase are they getting now?

Mr. BLANDFORD. This will be an increase to them, if we work it out this way, the five-stars would get roughly \$24,000 and the other four-stars would get about \$21,000.

Colonel BENADE. I think that is very close.

Mr. WILSON. Before we vote on it, rather than saying "about," I think Mr. Gavin is right.

Mr. HARDY. I buy that, I think we ought to settle on the principle.

Mr. WILSON. Let's see the figures before we settle.

Mr. BLANDFORD. The figures are \$25,000, because the only difference is the personal money allowance, the difference between \$5,000 and \$2,200, that is the difference, \$2,800.

Mr. RIVERS. All right. Tomorrow morning you and the colonel bring in the specific and accurate figures and we will pass on them then.

Mr. WILSON. I would appreciate his projecting the suggestion I made about bringing them all up to--eliminating the 1955 act and bringing them up to a modern computation, and bearing in mind that the five-stars would be entitled to more than the four-stars and the four-stars that we spoke of, and the three, would be entitled to more than a regular retired four-star.

Mr. HARDY. I think we would be in an awfully awkward position--

Mr. WILSON. Maybe we would.

Mr. HARDY. Wait a minute.

If we start adjusting five-star generals retired, who are in effect retired, to an active duty pay of the five-star rate.

Mr. GUBSER. Can't we relate this all to three-star? What would happen to this expense allowance difference that applies between these two groups of admirals and generals that you mentioned?

Mr. BLANDFORD. \$2,200 as opposed to \$5,000.

Mr. GUBSER. You would still have a differential.

Mr. RIVERS. About \$2,800.

Mr. GUBSER. What is this expense? This is recognition of their active duty status?

Mr. BLANDFORD. No, the personal money allowance is provided to the five stars on the theory that they have to entertain a great deal.

Mr. GUBSER. It is a recognition of their active duty status?

Mr. BLANDFORD. Yes.

Mr. GUBSER. Also in retired pay?

Mr. BLANDFORD. No, they have the privilege of retiring if they wish to retire.

Mr. RIVERS. What is the next question?

Mr. BLANDFORD. As far as I am concerned we have settled what we mean on the question of computing retirement, on the cost-of-living increases, on the question of whether it is cumulative and how it will be applied.

Mr. WILSON. May I ask a question on that? I am sorry, I missed part of the session yesterday. Maybe you did cover it to your satisfaction.

But I would like to ask a question based on the chairman's explanation of how these proposed changes in the Department's bill would be, what would happen to, let's take, a colonel with over 30 years of serv-

ice who retired prior to 1958 under existing law. He would be brought up to the now existing pay scale——

Mr. RIVERS. Of 1958, and give him 5 percent.

Mr. WILSON. And give him 5 percent?

Mr. RIVERS. That is right.

Mr. WILSON. Then what happens——

Mr. RIVERS. To him in the future?

Mr. WILSON. Wait a minute.

What happens to a colonel with 30 years of service who retires next spring?

Mr. BLANDFORD. He will draw 75 percent of \$1,085 a month as opposed to \$985, so the difference is \$75 a month.

Mr. WILSON. So the colonel automatically—we are setting two classes of colonels?

Mr. BLANDFORD. Certainly.

Mr. WILSON. I just want it clearly understood.

Mr. BLANDFORD. No question.

Mr. WILSON. Because this is the problem area that we have been living with.

Mr. BLANDFORD. No question about it.

Mr. RIVERS. Let me say this to you: The only difference is now we give them notice, in 1958 we didn't.

Mr. WILSON. We have given them plenty of notice, and this is going to make the problem even worse, I think. Let's project into the next pay scale and we give again the colonels 9-percent pay increase, you are giving them almost a 10-percent pay increase.

You give them again a 9-percent pay increase and a colonel retires the next year, under that increase, within that 4-year period you are going to have three colonels with over 30 years of service who are retired with three different money amounts, and really a substantial difference between them of \$35, \$40 a month.

Mr. BLANDFORD. Same thing you have in General Motors, Congress, civil service retirement, and every system in the country.

Mr. WILSON. I just wonder if the military is ready yet to accept this new system. I think we are taking half a bite instead of all the bite.

Mr. BLANDFORD. There is no question that you are departing from a concept. You are departing from a concept for many reasons, but the basic reason is that unless we do take action here, we are going to jeopardize the retirement system in the future, and in my opinion, and perhaps no one else shares this opinion, so long as we have this retirement question in front of us, without solving it, we are going to keep the basic pay scales down.

I think the committee has got to make up its mind whether it is going to worry about the active duty forces of the future or whether we are going to be concerned about the retired forces of the past. It is as simple as that. Granted, this is a morale problem. I don't think there is any question about it, that you are creating a morale problem.

Mr. RIVERS. I don't agree we are making a precedent now. We made the precedent back in 1958, that is where we abruptly broke off.

Mr. BLANDFORD. That is right.

Mr. WILSON. We couldn't live with it, because we are changing—

Mr. BLANDFORD. Efforts are being made to correct that situation—

Mr. WILSON. The efforts are going to compound the situation.

Mr. BLANDFORD. But you have something different that has never been attempted before, this is the compelling part about it, to me. For the first time in our lives we say to these retired people "We guarantee you a cost-of-living increase." We guarantee the purchasing power of the dollar.

Now it could be, you could have this strange anomaly you could run into a situation, if Congress becomes very, very budget conscious, it would be quite possible that a man who retired last year, and because the cost of living goes up, would get an increase in his retirement pay and a man who retires next year would draw less retired pay than the man who retired last year because he gets a cost-of-living increase, and there is no guarantee in this bill that the Congress 2 years from now will increase the pay of the man who retires 2 years from now.

Mr. HUDDLESTON. Or if future pay raises are geared to the cost of living, then the retirees would draw the same.

Mr. BLANDFORD. That is correct.

But the point is, and this is again a policy question the subcommittee has to decide: We can always pass a pay bill that says we simply give you an increase in the cost of living. This is one approach. This is a "We will keep you where you are" concept.

On the other hand, as the testimony has revealed here, professional groups have gone up 21 percent in their take-home pay, while the cost of living has gone up only 5 percent.

What has happened is that the standard of living has gone up. So you write pay scales, as we are doing here, not only to meet a cost-of-living increase, but also because the supply and demand requires that you raise the take-home pay to meet the rising standard of living.

Now there is a difference between the man during his working years who attempts to bring home enough money to enjoy the better things and the man who retires and says "OK, this is what I am guaranteed, I will live at this standard and I am guaranteed I will be able to maintain the standard of living I had on the day I retired."

This is the difference between applying the retired pay to whatever the pay scales may be in the future and guaranteeing the purchasing power of the dollar.

There is no question that the philosophy here gets us into a completely different situation than a cost-of-living concept. What I am saying is, that if you are not careful on this retirement question you may freeze all future increases in basic pay to simple cost-of-living increases and then we won't get the quality that we want, because a man is not going to stick to an occupation where he is simply guaranteed an increase in the cost of living.

Mr. WILSON. My point is, I think we have made a contract with people who are in the service today as to the type of retirement they could expect in the future. I would not be opposed to saying in the future that we are going to set this down for anybody who comes into the service, this is going to be the procedure under which retirement pay is computed.

Mr. BLANDFORD. True.

Mr. WILSON. This is like trying to force integration rather than allowing a more gradual solution to the problem.

Mr. HARDY. I think you should talk to the Chief Justice about that.

Mr. WILSON. I don't want Russ to be known as the "Warren of the Armed Services Committee." This is the whole thing—

Mr. BLANDFORD. I didn't get that—"Warren of the Armed Services"?

Mr. WILSON. That is all right. You are too young a man.

Mr. BLANDFORD. Too young to die.

Mr. WILSON. I think there must be, and I am trying to figure out how we might—

Mr. RIVERS. Are you at the point where you want to make a motion?

Mr. WILSON. No, but I would like to get to the point where I could make a motion. I would like to know first of all—in order for us to know clearly, with our eyes open, what we are getting into in this matter—has any computation been made of what the cost would be, say at a period 5 years hence, or 10 years hence, over the proposed retirement cost? I mean specific figures where you projected them out. I know you have—

Mr. BLANDFORD. You mean how much is Congress going to increase pay? If you can tell me that I can project it.

Mr. WILSON. You have to project it. How much less would it cost the Government in the long run.

Mr. STRATTON. You had the figure yesterday, didn't you?

Mr. BLANDFORD. Yes, on the present pay scales.

Mr. STRATTON. Is that for 1 year?

Mr. RIVERS. Mr. Wilson has the floor.

Mr. BLANDFORD. I can take it up, Mr. Wilson, to 1972.

Mr. WILSON. All right. What is the difference between the cost-of-living concept and the—

Mr. BLANDFORD. I don't know how much the cost of living is going to go up.

Mr. WILSON. Then how can you say it is going to save us a lot of money?

Mr. BLANDFORD. I know this, if we apply, and this is easy enough arithmetic; if we apply the proposed pay scales to those now retired that we would have to add \$80 million to this bill.

I know also that the \$30 million recomputation that we have in this bill projected out into the lifetime of the people now retired will cost between \$450 and \$600 million. I know that if I double the \$30 million to \$60 million that that projects out to \$900 million.

So I would say, I am guessing, but I could say that the projected cost of what you are talking about for the group now retired would be over a billion dollars.

Mr. WILSON. But the projected cost of just retirement pay plus a cost of living will be—

Mr. BLANDFORD. I don't know what the cost of living will be. I am projecting these pay scales.

Mr. GORHAM. Mr. Chairman, may I see if I can add some light to this? We did do some calculations, comparing the cost-of-living approach with recomputation.

As Mr. Blandford said, you have to make assumptions about how active duty pay scales move, and each one of these computations, of course, were based on an assumption about active duty pay scale changes.

Mr. WILSON. That is right, it is conjecture, but what is your conjecture?

Mr. GORHAM. I haven't got the numbers at hand. The cost difference between a cost-of-living concept and recomputation was computed in the course of our studies.

Mr. RIVERS. What exactly do you want? I think Mr. Wilson wants to know—see if I understand what you want. I think he wants to know what it would cost us if we put everybody, give everybody this election and bring them up—those who have retired—and bring them up to this pay scale, this pay scale.

Is this right?

Mr. WILSON. No, no. I want to know the difference between the proposed change in philosophy of paying retired people over the existing method of computing it on active duty pay for the future.

Mr. RIVERS. That is right, one is 1958 and one is this.

Mr. GORHAM. I think I understand Mr. Wilson's question. We do have such a computation.

Mr. WILSON. Because the point I want to make—

Mr. RIVERS. I think we can get that, one is 1958 and one is the present.

Mr. GAVIN. Will the gentleman yield?

Mr. WILSON. No, just a moment first. I think Russ made a good point that retired costs are going to be way high and they are going to jeopardize the military and so forth, but they are going to be way high anyway unless we just make a completely drastic change in the method of computing retirement pay.

Now if we are ready to face up to making a completely drastic change, then I think we ought to know it, because otherwise the difference between the two systems isn't going to be as substantial as you have indicated.

In other words, it is going to be in the billion category but it is going to be in the billion category anyway just because of the numbers that are going into the retired area.

Mr. BLANDFORD. May I answer that? I can give you a very concrete figure, a figure supplied to me. That is if we apply the proposed pay scales to those now retired, the ones we are allowing to recompute, it will cost us \$88 million more.

Is that correct?

Mr. GORHAM. That is correct.

Mr. STRATTON. That is for 1 year?

Mr. BLANDFORD. For fiscal 1964.

Mr. GORHAM. Sixty-four.

Mr. WILSON. Why then did General Eisenhower indicate in his budget in order to bring them back up to the pay, 3 years ago, add \$10 million to the budget?

Mr. GORHAM. I think it was an error.

Mr. BLANDFORD. He must have meant 30 million.

Mr. WILSON. There have been that many more people retired?

Mr. BLANDFORD. Yes. You see, you are adding 50,000 a year to the retired list. The figure was 30 million——

Mr. WILSON. If it was 30 million before, why is it——

Mr. BLANDFORD. As a matter of fact, it was 32 million——

Mr. WILSON. Why is it 60 million now?

Mr. BLANDFORD. It is not 60.

Mr. GORTAM. It is not 60.

Mr. BLANDFORD. Let me try to go through this again. I quite agree with you that this is the heart of the bill, and perhaps I haven't made myself clear.

Now if we allow people to recompute, this cost 30 million. Now on top of this 30 million we give everybody and his brother a 5-percent increase. This is 55 million more.

Mr. WILSON. But that doesn't have anything to do with bringing those——

Mr. BLANDFORD. This is an indication of your cost of living.

Yes, it does, because actually the benefit that these people are getting, they are winning a battle, they are getting a recomputation which is worth to a retired admiral a couple of thousand dollars, and on top of that 5 percent.

Mr. WILSON. They would get the 5 percent anyway?

Mr. BLANDFORD. Yes. Let's assume we have a 5-percent increase in the cost of living every year from here on out. You can see that the——

Mr. BATES. We would all quit.

Mr. BLANDFORD. It is going to cost you \$55 million on the present retired list. So if you add 50,000 each year to the retired list, this is one-seventh, if it costs you \$55 million for the 300,000 people now retired, and if you add a 5-percent cost of living every year for the next umpteen years and you increase it by 50,000 on the retired list every year for umpteen years as we are doing, you can see what happens to your 55 million on a straight 5 percent, it is 55 million and then 61, 68, compounding, this is additions to your retirement costs, and in a period of 10 years, if my calculations are anywhere reasonably correct, you are well over \$700 million in a 10-year period.

Is that roughly correct?

Mr. WILSON. Don't forget this, when we passed the 1958 act we gave those who retired prior to 1958 a 5-percent increase.

Mr. BLANDFORD. 11,000 people on recomputation under this bill, won't recompute because the 6 percent we gave them is more than the recomputation.

Mr. GAVIN. Under this bill, they will recompute?

Mr. BLANDFORD. They would be crazy if they do, because they will get less retired pay.

Mr. WILSON. Despite that and the relatively few people as you mentioned, the Eisenhower administration and Kennedy administration both recognized they couldn't live with it, they came in and said don't do this, put these people aside, bring them up to the regular.

What we are doing in this act, I want it clearly understood, what we are doing is we are setting up the pigeons again so that as soon as someone starts retiring in the next pay bracket, that has gotten a 10-percent pay increase under this thing, we are creating this disparity that is going to result in all sorts of name-calling and so forth.

I would like to throw this out as a suggestion, the only possible solution that we might see to this thing would be, and it is a drastic solution and it would be just as unpopular as what we are doing right now, but at least it would solve the thing, would be to tell everybody that as of 1963 we are setting a basic retirement rate, and then for a colonel with over 30 years of service, he can see what it is in the figure, and then Congress, in the future, will raise all retirement pay on a percentage-wise cost of living and that everybody who retires in the future will go back to the 1963 rate plus the cost-of-living increases occurring over the years. If it is fair for the retired people now it will be fair for the retired people 30 years from now.

Mr. BLANDFORD. Let's apply it to industry and civil service. Let's say we are running into a period ahead of us, where the cost-of-living index has gone up and up, and on top of that we had professional increases of 21 percent, various increases--Congress may increase its own pay--what you are in effect saying is we should freeze the standard of living of all people on active duty as of the date they enter on active duty. "When you enter as second lieutenant, remember, your date was 30 years ago when you came on active duty."

Mr. WILSON. Plus.

Mr. BLANDFORD. Plus any cost of living.

Mr. WILSON. If the cost-of-living things are fair, then he can't complain.

Mr. BLANDFORD. No. In the meantime you say to this man, "The very fact that we tried to raise the living standards doesn't apply to you, because you are in a different category, you are a captive citizen, as a result we apply the pay scales of 30 years when you came on active duty."

Now if you can get anybody to come on active duty where they don't get an increase in the standard of living, you might get them but I doubt it.

Colonel BEXADE. May I add something, if I may?

Mr. RIVERS. Let me ask you: Did you hear Mr. Blandford in response to Mr. Wilson?

Colonel BEXADE. Yes.

Mr. RIVERS. Is that a reasonable response?

Colonel BEXADE. Yes, sir, it is.

Mr. WILSON. I want it understood that I am not introducing an amendment, I am just--

Mr. RIVERS. We are all thinking out loud.

Colonel BEXADE. You are pointing out it is an alternative. I wanted to confirm that the alternative has occurred to many people, and we studied it exhaustively.

I would point out in addition to the points Mr. Blandford made--and I certainly concur in their validity--that there are also other problems with that.

The standard of living to which Mr. Blandford referred has been increasing at about 3 percent a year. The cost of living has been increasing at a rate of about 1 percent a year.

Now in the future, we would hope by virtue of the annual review of military compensation that the Secretary of Defense has directed be done, that future increases in the active duty compensation of

service members would be more frequent, and presumably much smaller in size and fiscal impact.

We would also expect that active duty pay would increase at a slightly faster rate than retired pay.

If retired members were placed on a separate pay scale, it would sever the relationship that now exists between the rate of active duty pay that a man is receiving while he is on active duty and his retired pay. It would drop him to a scale which denies him the gains he earned while he was on active duty.

That was one of the main things that made us shy away from this alternative.

Mr. WILSON. My purpose in suggesting this is to prove at least to my mind that this concept of adding the cost-of-living increase is not the solution to the problem, because it means a drastic change in your retirement provisions.

Colonel BENADE. May I point out that the difference between the cost-of-living concept in this bill and your possibility is that the rate of retired pay of an individual continues to be geared to the rate of active duty pay he was receiving when he retired.

Mr. GUBSER. Colonel, has there been a correlation between the rate of active duty pay and the increased productivity? Has that been related?

Colonel BENADE. No, sir, I must—

Mr. GUBSER. Hasn't the active duty pay lagged considerably?

Colonel BENADE. It has lagged considerably.

Mr. GUBSER. Then your point is invalid.

Colonel BENADE. We can't correct all the problems of the past. The Secretary of Defense has made very clear that he feels this has been one of the great problems in past adjustments of military pay. He proposes that in the future military compensation can be treated in the same way as the Civil Service, that is, by an annual review of compensation. After determining that adjustments might be needed, he would go to the President with recommendations.

Mr. STRATTON. Mr. Chairman.

Mr. RIVERS. Have you finished?

Mr. WILSON. Yes.

Mr. RIVERS. Have you finished?

Mr. GUBSER. No, I haven't, I haven't started.

Mr. RIVERS. Let me get over to this side.

Mr. STRATTON. Colonel, if I understand your objective correctly, the objective of the Department would be to try to increase the active duty pay in keeping with the increased productivity?

Colonel BENADE. Generally, yes, sir.

Mr. STRATTON. Is this correct that the objective of the Department is to try to provide an increase in active duty pay that would be commensurate with the increase in productivity that occurs while the individual is on active duty?

Colonel BENADE. Generally, yes, sir.

Mr. STRATTON. Then when he is no longer on active duty and therefore no longer contributing to the increase in productivity, he no longer can expect to get an increase based on productivity which other people are creating?

Colonel BENADE. That is correct, sir.

Mr. STRATTON. But if he goes out and works for General Motors or General Electric and increases their productivity, he may get a factor based on the pay that he gets from them that will provide increased productivity, is that true?

Mr. STRATTON. Now may I ask Mr. Blandford: Isn't this, weren't you saying here just a moment ago that all private pension systems operate on this basis, that once you have retired you don't get any increase in pay?

Mr. BLANDFORD. If it is a contributory system. Some companies have a cost-of-living provision. I think the best analysis is with the civil service retirement fund, and I spent a good deal of time yesterday going into that fund.

But basically what civil service does, and this theory is on the same theory as civil service, except they operate on a 5-year average and all that sort of thing, but what they try to do is give people cost-of-living increases in the annuities they are now receiving.

One of the reasons is that the civil service fund is well oversubscribed; they have liberalized it, not based upon contributions, but that is another problem.

Mr. STRATTON. Do you know of any private retirement arrangement that does what we have in the past been doing in the military?

Mr. BLANDFORD. I don't know of any organization in the country that applies the existing pay scales of its employees to those retired. I would think that a company, any company that tried it, would be close to bankruptcy.

Mr. STRATTON. Isn't it true that most private retirement plans don't even include the cost-of-living factor?

Mr. BLANDFORD. I would say most of them do not. Certainly none of the insurance companies, where there is an insurance company involved, and most of these are tied in with insurance annuities, they obviously don't have any cost-of-living increase.

I believe there are some contracts, I believe in the last General Motors contract, there was a provision for an increase in the annuities that people were receiving under the General Motors pension fund, but I would say you are correct, even these are rare.

Mr. WILSON. Civil service retirees depend entirely on Government action, don't they?

Mr. BLANDFORD. Yes, sir.

Mr. WILSON. For increases?

Mr. BLANDFORD. And this, of course, raises the interesting point that they are \$35 billion in the hole for that very reason.

The theory behind civil service retirement, as Colonel Benade said yesterday, the Government agency contributes 6½ percent, and the individual contributes 6½ percent. That comes to 13. But actually the cost is about 13.8 percent.

Now the employees so far, since the system has been in effect, have contributed about \$10 billion, the Government has contributed a little better than \$8 billion. Then the interest on the bonds they have invested in is about \$3 billion.

But if you look at their present liability, if you had to pay off the present value of the annuities, not future entrants but people now working for the Government, they would need about \$35 bil-

lion more to pay off this fund. They have got about \$21 billion in the fund now. Each year they pay out so much.

I just got the civil service report in here this morning. However, trying to compare this, as we tried to do yesterday, I find that there are so many imponderables to compare with it, that it is almost impossible to come up with an intelligent comparison.

But the Government does give an annuitant—for example, I believe what they normally say is that we will give you a 5-percent or 3-percent increase in your annuity, or \$250 a year, whichever is greater.

Now in many cases the \$250 a year is considerably greater than the cost of living. Well, even those two factors hit the fund, because the contribution of the individual was never based upon the increased cost of living, so the Government makes up the difference. This is where your deficit keeps occurring, this is the reason why every year Congress has to appropriate money to the civil service retirement fund to keep liquid so far as the payments of this year are concerned.

But to me this problem that we are faced with here is the only reasonable and fair solution to a problem that is going to become exceedingly grave in the years ahead.

Mr. STRATTON. Let me ask another question here, if I may, either to Mr. Blandford or to the colonel.

I would like to pose a hypothetical situation very much as Mr. Wilson did. There has been a lot of talk about our going back on our commitment with regard to basing retired pay on active duty pay. If we are concerned about saving money, we could compute retired pay on a different percentage of active duty pay, could we not? And is there any commitment that retired pay has got to be 75 percent of active duty pay? Couldn't we reduce it to, say, 65 percent, or 55 percent without any charge of having broken faith?

Mr. BLANDFORD. Mr. Stratton, to start with, I think ever since the gold clause case before the Supreme Court, and this subcommittee, if you remember in the *Rueger* case, went into this question at great length of when a person has a contract with the Government. Actually, nobody serving on active duty has a contract with the Government. You can take about an implied contract, and you can talk about good faith.

You remember when they issued gold certificates back in the twenties and then the Government said, "We will not pay them off in gold," and some man said, "This says you will pay me in gold," and the Supreme Court said, "You can't bind the Government."

Now you do have a Court of Claims. I think in the period between 1958 and 1963, that if a retired individual thought that he had a contract with the Government, that case would have been tried and it would have gone to the Supreme Court.

Well, it is interesting to me that nobody has taken a case to the Court of Claims on the theory that he had a contract with the Government.

Mr. STRATTON. What I am asking is has there been in the past history more flexibility with regard to the percentage on which you compute it than there has been with regard to this principle that Admiral Denfeld elaborated upon here before us the other day.

Colonel BENADE. I think the reason for the 2½ percent rather than some possible lower percentage is the fact that first of all, it is only applied to basic pay, as you know.

Military retired pay as a percentage of gross pay, that is as a percentage of basic pay plus allowance for quarters, plus the allowance for subsistence is substantially less.

In fact, Mr. Stratton, depending on the grade concerned, the percentage of retirement pay compared to gross pay is as low as 33 percent for some grades.

Mr. STRATTON. All I am saying is that if you had wanted to save money you could conceivably have come in with a reduction in the percentage and not have opened yourself to this charge.

Colonel BENADE. No, sir; it would not have been the solution.

Mr. STRATTON. I am not saying it is the solution, I am just saying the big argument raised against this is that we are breaking faith.

I am suggesting if you had wanted to avoid that argument you could have come in with a proposal that probably would not have been as satisfactory but which would have eliminated the basic argument.

Mr. BATES. Just doing it another way.

Mr. HARDY. You could have done that by increasing the allowances and making adjustments for taxes and you would have come up with the same take-home pay for the individual.

Mr. RIVERS. That is what they are interested in.

Colonel BENADE. One point I would like to add. The 2½ percent is also fixed with the thought in mind that the military's retirement system is the only one that forces a man out at an age when his family responsibilities may still be very high.

For example, the man in his late forties or early fifties who may have children in college.

If we were to lower the percent of retirement income for the individual and at the same time force him off active duty, his reduced standard of living could affect the retention feature of the retirement system so that we would be creating a larger problem.

Mr. STRATTON. I am not suggesting that we do this, any more than Mr. Wilson is arguing that you adopt his proposal.

Colonel BENADE. I appreciate that.

I am just saying this has been considered and this is the reason why we felt it was not the thing to do.

Mr. RIVERS. Mr. Gubser, did you want to be recognized?

Mr. GUBSER. I sure do.

Mr. RIVERS. You are recognized.

Mr. GUBSER. Mr. Chairman, I just feel constrained to say this, that I think that we are saying in effect here, that we are recognizing the financial impact of the increased numbers who will retire in the not too distant future.

We are recognizing a financial situation which, in effect, amounts to assuming the cost of paying for past wars and the present cold war, because that is why we are going to have so many people retire.

Now this principle of recomputation is, in my opinion, an implied agreement, certainly a strong understanding that we have had with everybody in the service now or has recently been in it. It is a cost of paying for recent wars and the present cold war.

Now, the national debt, a great percentage of the national debt is the cost of paying for past wars and paying for the cold war.

We are going to raise the debt limit again within the next week or so, simply because this economy has to absorb a \$56 billion defense budget.

Now, a great part of the budget for each year is interest on the national debt and I think it would be just as immoral to say to bondholders of the U.S. Government that you are going to repudiate the payment of interest on a debt which was contracted to pay for past wars and the present cold war as it is to go back on the word that we have given to these people in the military.

Now I feel that anyone who is in the service now and who has committed himself to a career in the service has a right to expect that the traditional agreement shall continue and if we wish to get a new policy in effect, the thing to do is to place it in effect for those who are going to come into the service in the future.

Now I admit that won't solve our financial problem, but we seem to be able to absorb the national debt which is a lot more, and the interest on the national debt which is a lot more and which is paying for the cost of past wars and we still go into brandnew programs and extend the scope of activity of the Federal Government.

Why must we go against a traditional solemn agreement that we have already entered into?

Mr. RIVERS. Do you want an answer? Do you want me to answer you?

Mr. GUBSER. This is a new thought. Go ahead.

Mr. RIVERS. The only answer I have is that it is the facts of life.

Mr. GUBSER. The national debt is a fact of life but we are not going to repudiate it.

Mr. RIVERS. It is a question of a whole loaf or half a loaf.

Mr. GUBSER. Then you might just as well say it will destroy the Federal Government, because we have a national debt that we have to pay. It is the same principle.

Mr. HARDY. What are you going to do with this \$108 billion budget that we have this year?

If you want to do that, on the floor, you are going to have a lot of trouble cutting the budget in a lot of other areas.

Mr. GUBSER. This is another thought that has not come up yet and I think I would like to ask the colonel this question: To my way of thinking we have a greater obligation to the man who retires at the end of 30 years' service than we do to the man who has only invested 20 years of his life and certainly the problem that is coming or that we have now and that is going to be accentuated in the future is caused because of early retirement.

Is there a possibility or could we give some thought to allowing the 30-year retiree to continue to recompute as he has in the past and then applying the provisions of this proposal to the 20-year retiree or someone less than 30?

What would be the financial impact of that sort of a situation?

Colonel BENADE. I could not say offhand, sir, what the financial impact would be. Obviously it would represent some lesser cost than total recomputation and some additional cost over the system that is being proposed.

While we have not done detailed studies on this particular possibility, the thought that some penalty should be attached to an individual who retires voluntarily prior to 30 years has been considered. It came up in the 1958 pay act in the Senate.

One of the problems, sir, is that technically a voluntary retirement is anybody who asks to be released, even 1 day before the mandatory retirement.

What often happens is that some members in the military service who may have perhaps 14, 15, 16 years of service cannot afford to leave at that point. On the other hand, they know that they are not going to really get anywhere, so to speak.

Many of these will serve the 20-year minimum requirement and then ask for voluntary retirement.

So this is one category to consider.

Another group is the physical disability group. I assume, sir, that even though they might serve less than 30 years they would not be discriminated against.

Another problem has to do with those passed over for promotion.

Now, they are required to stay on duty a certain length of time. Some, once they have been passed over the first time, have a feeling they are not going to make it the second time either. They may seek to find other employment.

Technically they are all voluntary retirements. It is very difficult to reach a meeting of the minds as to who should be penalized and who should not be. That has been the problem so far.

Mr. GUBSER. Let me say one thing here.

Colonel BENADE. Yes, sir.

Mr. GUBSER. I am sure you did not mean to say that applying a cost-of-living increase for retirees in the future would be a penalty.

Colonel BENADE. No, sir; I did not mean that.

Mr. GUBSER. Colonel Benade, you are advocating that those with less than 30 years, regardless of the reason, and I will except disability, go on the cost-of-living increase as proposed here?

Colonel BENADE. That is right.

Mr. GUBSER. You say that is not a penalty; you say that is a good system?

Colonel BENADE. No, sir.

Let me clarify what I meant by "penalty."

If you retire at 30 years of service, $2\frac{1}{2}$ percent times years of service gives 75 percent of basic pay.

The proposal is sometimes made that for each month that you retire voluntarily prior to 30 years, you would take a penalty of one-twelfth of 1 percent. This is equivalent to 1 percent a year. Or, of course, you could use any other percentage.

That would mean less retired pay than on the straight application of $2\frac{1}{2}$ percent.

That is what I meant by a "penalty," sir.

Mr. BLANDFORD. May I add one other point to this, Mr. Gubser?

This committee in its wisdom 4 years ago passed what is known as the "Navy hump" legislation. In that legislation we forced people out before they finished their 26 or 30 years of service. There is another interesting provision which this committee put in the law; and that is, all people who were involuntarily retired under that law would be considered to have retired voluntarily.

This would put you in a very strange situation to say to that man: The law forced you to retire involuntary, but you were retired voluntarily, and you cannot draw an increase in retired pay because you were separated voluntarily under the law."

Mr. GUBSER. One last question.

Colonel BENADE. Yes, sir.

Mr. GUBSER. If it is not a major project, I wonder if you can supply me with the project differences in cost between a system as proposed in this bill for all persons retired and a system wherein only those with 30 years of service or more were allowed to recompute.

Colonel BENADE. Yes, sir; I can.

Mr. GUBSER. If that is a major project, I would not——

Colonel BENADE. No, it will not be. We will have to make certain assumptions.

Mr. BLANDFORD. May I make a statement off the record before we go into a decision on this important subject?

Mr. RIVERS. All right.

(Discussion off the record.)

Mr. BLANDFORD. This is on the record. This is important at this point.

Right now the pay scales run \$985 million if I remember my figure correctly. That is just for the pay, itself.

Mr. BATES. \$900 million.

Mr. BLANDFORD. On a full-year basis it is \$980 million.

Mr. GAVIN. \$980 million.

Mr. BLANDFORD. Yes, sir. Depending on what you do with subsistence allowances, the proposal submitted by the Department involved \$120 million to give the officers a \$77-a-month subsistence allowance, or a \$29 increase.

Now, there were other cost factors in here but the biggest saving was the saving of \$133 million on the elimination of sea pay.

Mr. GAVIN. Elimination of what?

Mr. BLANDFORD. Sea and foreign duty pay—that was a big factor. Then there is a duty involving unusual hardship. If we agree to knock that out that is a \$30 million saving.

Let me go through this, this way: The basic pay scales as written would cost \$980 million more. The subsistence allowance would cost \$120 million more. Then there are some other cost factors in here for uniform allowances, terminal leave payments, also there is social security, because the Government has to contribute a part of that, reenlistment bonuses, a flock of other cost factors involved here, because when you change basic pay you change many other types of benefits.

This came out to \$1,090 million for full year of operation for the active duty force.

Now on top of that was the retired cost. The retirement cost came to \$86 million for those already retired and \$9 million more for those who will retire during fiscal year 1964, because they had to give you the full fiscal year cost.

So your retirement feature alone was \$96 million. This came up to \$1.2 billion.

Mr. WILSON. That is just the increase in retirement. What is your basic retirement cost?

Mr. BLANDFORD. \$1.08 billion, basic retirement.

Colonel BENADE. In excess of \$1 billion.

Mr. GAVIN. Actually, that is what we have got to present to the Members of the House.

Mr. BLANDFORD. This is going to depend on what you decide to do with subsistence for the officers, with sea pay, which we have not discussed yet, and what you decide to do with respect to this proposed separation allowance.

Mr. GAVIN. Assume you take those out.

Mr. BLANDFORD. All right.

Assume you knock the officers down from \$29 to a \$3 increase in subsistence and assume you keep sea and foreign duty pay, if you assume we don't give them hardship pay, your bill as I see it, will come out to 1 billion—well, it will be about \$260 million more than the Department proposal which came to \$1.242 billion.

So you could come up with a bill that would come to \$1.5 billion.

Now permit me to say something that may be overlooked.

This is beyond doubt the largest single pay bill that I as even been submitted to the Congress. The per capita increase in the bill as sent over by the Department is \$409 per man.

We spent weeks in 1958 on the Cordiner report and the per capita increase in there was \$182 per man.

What I am saying is that we are dealing with a very substantial amount of money here. We are dealing with \$1½ billion which is just about three times the size of any pay bill that has ever been sent to the Congress.

Now of course a good portion of this increase in cost is because we are increasing the obligated service man, the E-1, E-2, and E-3 for the first time since 1952, and also the O-1 and O-2.

We did not do that before because those people were assumed to be serving an obligated period of service and we felt they were drawing enough as it was.

The pay panel felt that we had kept these people frozen at the 1952 pay scales long enough, that it was time to increase the pay of the obligated service.

Mr. GAVIN. I agree with that.

Mr. BLANDFORD. This accounts for a good deal of the money.

Mr. HARDY. Could I raise a question or two?

Mr. RIVERS. Yes.

Mr. HARDY. I don't know, we have done a lot of discussing and this is an extremely important thing. It is one we are going to have to make a decision on soon or we are going to be on this bill until next Christmas.

I have a feeling that if we undertook to permit recomputation for the people who retired under the 1958 act, that we were only going half way and then bring the 5 percent cost of living increase thing in on top of that.

On the other hand, I have reached the position, Mr. Chairman, of being convinced that if we don't follow this procedure we are not going to get a bill.

I think that there is merit to the contention that military personnel have had a right to expect an increase in retirement commensurate with basic pay, but I think we have gotten to a point where we are not going to get anything if we insist on coming out with that type of approach.

Now, I don't know. I don't want to suggest that we ignore anybody's thoughts or that we disregard any requests for information—and I have made about as many requests for information as anybody else, I reckon—but I do think that in the interest of trying to get through with this thing that we had better make some adjustments in our own thinking and I for one am ready to accept this thing, not because I like it, but because I don't see any other course to pursue.

Because I am not willing to go on the floor and argue for a bill that is going to be in excess of \$1½ billion.

Frankly, I think we are going to have a terrible time with that.

Mr. BATES. I have more of a problem. I think we will get a bill. I don't think there is any question about getting a bill, and if we have to do some compromising, we can do it later.

We have looked at the aircraft, missiles, and ships bill and I am not satisfied with that either. That is what disturbs me, when we get all these other pieces of legislation thrown at us up here.

With the financial condition of this Nation, with the things we know we should have in that authorization bill, and not doing it, but then we come up with every crazy kind of a program that can be conceived by people downtown, I just don't know where we are going to wind up the way we are going.

It bothers me and it bothers me also to have to change this from the historical method. It bothers me when the civilians come up here and the Congress bends, but these people don't come up and they have no pressure groups and we don't accord to them what we give to others.

I don't like that either.

Mr. GAVIN. Well, I think we should go out and make the best possible fight that we can make to get the bill passed.

Mr. BATES. We are in tough shape. I go along with what Porter says.

Mr. HARDY. You know we have to recognize this, at least we are doing something for the people who retired under the 1958 act.

We are giving them an element of justice which they had not expected they were going to get.

Mr. RIVERS. We have this, though; we have the history of what has happened in the other body. They have failed to take up a bill on this.

Mr. WILSON. I want to get a bill just as much as anyone in this committee wants to get a bill but I am not ready to vote today, as Mr. Blandford indicates we should or you indicate we should, when we have asked for some statistics and figures here to base a reasonable decision on.

As a matter of fact, I would think this committee should move along section after section without making a definite vote on section by section as we go, because I believe it is going to have to take an around-the-table discussion, just between the members of this committee, to resolve some of the problems that we have got here.

Mr. HARDY. Let me get into that one because I think this is a fundamental thing.

Sooner or later we are going to have to do that, section by section. Anything you do now is tentative.

What we are trying to do now, at least normally what we have done, is to do the best we can on this go-around, get a draft of a committee print as we have developed it and then go through the thing again and take our final action.

I think we have to do that. I hope what we do here will be as nearly final as possible. But we are not getting very far now. We are stuck on this one thing and we cannot go to anything else until we at least get a tentative agreement on it.

Mr. WILSON. Then just register me as opposed to this provision of the bill.

Mr. GUBSER. I would like to ask--you are Mr. Paul's assistant?

Mr. GORHAM. Yes, sir.

Mr. GUBSER (continuing). This question.

I fully understand that the question of medical care and hospitalization probably belongs in a different bill and not in a pay bill, I accept that. Though certainly we have brought the question of fringe benefits into the pay scale discussion on many, many occasions, and certainly hospitalization is a fringe benefit.

Now I realize that the Defense Department as of the early part of this month has initiated a study by which they are going to thoroughly explore the question of providing medical benefits for retired persons.

Are you at liberty to say whether or not the fact that this study has been instituted is a recognition that there is a responsibility to retired persons on the part of the Government?

Mr. GORHAM. I don't think there is any question about that, Mr. Gubser.

Mr. GUBSER. I am not asking for a prediction, because you don't know what the study is going to reveal, but would you presently anticipate that there is going to be something provided for retired personnel in the future, insofar as medical care is concerned?

Mr. GORHAM. Yes.

Mr. GUBSER. In other words, we are not going to be put in the position of raising their retired pay in this bill and then taking it away by taking away fringe benefits?

Mr. GORHAM. Absolutely not.

Mr. GUBSER. All right.

Mr. RIVERS. Wait a minute now.

We have used the entire morning in a thinking-out-loud discussion which is what we want and this is the crux of the bill.

Now it has been suggested that the committee, itself, get together and talk in our own presence.

We can do that tomorrow or we can do that this afternoon.

(Discussion off the record.)

Mr. RIVERS. I don't know how long we will be on the floor. If the committee wants, we can meet afterward.

Mr. BATES. Mr. Chairman, if there is a problem on the floor I would suggest we move to room F-18, which is just off the floor downstairs there.

Mr. RIVERS. I don't want to run off. I want to wait until the House is finished.

Mr. GAVIN. In view of the fact it is questionable about what will happen on the floor, why not meet tomorrow morning? In the meantime, the colonel and Mr. Blandford can get together and see if they

can coordinate this matter and have something to present for our consideration in the morning.

Mr. GUBSER. Maybe this information we wanted will be available.

Mr. BLANDFORD. You are asking for some recomputations and I assume some of these figures are available. I understand what you want is a projected cost-of-living increase versus a projected application of existing pay scales. So we have to assume what the existing pay scales will be in the future——

Mr. GORIAM. If I can interrupt you, I have located the paper which has the comparison on it.

Mr. HARDY. Maybe we can get them now.

Mr. RIVERS. Is this the thing that Mr. Wilson asked for?

Mr. GORIAM. It is not the precise formulation which he cited but it is a comparison between a cost-of-living increase and a recomputation applied to retired pay.

It makes this comparison for the fiscal years 1964 through 1970. It assumes the cost of living would go up 1 percent a year during this time period and that the active duty pay scales, basic pay scales, would go up 3 percent a year.

On the basis of this comparison the difference in disbursements between recomputation and cost-of-living adjustment over this 7-year period would be \$771 million.

Mr. BATES. Through 1970?

Mr. GORIAM. Yes.

Mr. WILSON. May I ask on that very point about this, bearing in mind that we have—at least it bothers my conscience—people who are going to be retired in the few years ahead have all their military career been under the impression, because of tradition, that they were going to retire and as they retired, their retirement pay would continue to be hooked to the active duty pay.

Let's consider that we accept that it will cost over the next 6- or 7-year period the amount you say, and then we write into the bill the understanding that those who retire prior to 1970 will compute their pay based on the current active duty pay and those who retire after 1970 will compute based on their active duty pay at their retirement plus a cost of living based on a formula.

Now this would be a reasonable—in other words, for the next 6 years we would say those who are getting into the retirement area are going to—their contract is going to be lived up to, but we are serving notice on those who will retire after 1970 that because of the retirement problem and so forth, you have got to face the fact that as you retire after 1970 your pay is going to be based on your current pay plus a reasonable cost of living as the cost of living goes up.

Mr. RIVERS. Do you have all that?

Mr. BATES. I don't know how you can tie this down. I know this, regardless of what we write in this bill, if I find the civilians in subsequent bills are going to go far beyond what the military are going to do, I am not going to stay with this bill, if I am still around here, I am going to leave it, because I think what is fair for one is fair for the other. If the civilian groups are going to go way beyond the military groups, just because they don't have the same support, I will object.

Mr. BENNETT. What Mr. Wilson suggests sounds good to me. It

is not too much.

Mr. BLANDFORD. You will have to reduce the basic pay scales in order to do this by some \$70 or \$80 million to stay somewhere within the ball park on the money that is involved here.

Mr. RIVERS. Mr. Wilson, if you want to get some figures based on the proposed amendment we can get these figures and give Mr. Blandford time to provide them for you.

Mr. WILSON. I think it would be worthwhile looking at.

Mr. BLANDFORD. May I suggest that if we are going to do as you have indicated, you are not being fair to the man who has 14 or 15 years of service who is planning to stay for 30, because you are going to make him make a decision in the next 6 years.

You are really not being fair to the kid in West Point who has the idea of making a career of the service. So you have to project this—

Mr. WILSON. We are not being fair to the generations as yet unborn, but you have to draw a line somewhere.

Mr. BLANDFORD. I don't see any reason why 6 years is any different—they have been on notice 5 years. Now you want to give them six.

Mr. WILSON. I disagree with you. They have not been on notice for 5 years.

Mr. RIVERS. If they are not on notice now after 1958 they will never be on notice.

Mr. WILSON. We have said in effect, by President Eisenhower putting it in the budget and the House having passed it, everyone has been under the impression that Congress recognized that it was a mistake, so don't say they have been on notice.

Mr. HARDY. But only the House recognized it.

Mr. GUBSER. They admitted it was a mistake by allowing them to recompute.

Mr. RIVERS. Mr. Blandford, are there any other sections of this bill we can consider without arriving at a decision on this?

Mr. BLANDFORD. Well, if we disregard cost; yes. If cost is not an element here, we can discuss the other features of the bill.

Mr. BENNETT. Sea pay, for instance.

Mr. RIVERS. I think we had better do that. Let's just let the committee recess until 10 o'clock tomorrow morning because it is obvious we are not getting anywhere today.

(Whereupon, at 11:58 a.m., the subcommittee adjourned, to reconvene at 10 a.m., Thursday, March 7, 1963.)

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
SUBCOMMITTEE NO. 1.
Washington, D.C., Thursday, March 7, 1963.

The subcommittee met, pursuant to adjournment, at 10 a.m., in room 304, Cannon Office Building, Hon. L. Mendel Rivers (chairman of the subcommittee) presiding.

Mr. RIVERS. Let's take up submarine pay first and then back to retainer pay. That will take us to about page 15 or 16, I believe.

Mr. BLANDFORD. Page 16 in the committee print, Mr. Chairman.

Mr. RIVERS. Turn to that section dealing with nuclear-powered submarines.

Mr. BLANDFORD. Yes, sir, page 16.

Mr. Chairman, this is the section which would provide submarine pay—

Mr. RIVERS. Admiral Smedberg, you can come up closer if you want to.

Admiral SMEDBERG. Thank you, sir. I found a chair that fitted my legs.

Mr. RIVERS. Fine. I might say I haven't seen any chair that you couldn't adequately occupy.

Admiral SMEDBERG. Thank you, sir.

Mr. RIVERS. And that is on the record.

Mr. BLANDFORD. This section is intended to cover submariners who leave conventional submarines and go to nuclear-powered submarines.

The Navy—and I would like this for the record—the Navy has had considerable difficulty in obtaining recruits for the nuclear submarine program, particularly from those who are qualified in conventional submarines.

I would like to ask Admiral Smedberg if I am correct in that statement.

Admiral SMEDBERG. That is correct, sir.

Mr. BLANDFORD. The language that was proposed in the committee print is too restrictive. I have in front of me suggested language that might do the job better, because the language in the original bill was too broad, while the language in the committee print was too restrictive. I would like to suggest, and I wish the Navy would listen carefully to this so they will know whether this is the correct language, to substitute in lieu of the language now in the committee print the following:

* * * as determined by the Secretary concerned, on a submarine (including, in the case of nuclear-powered submarines, periods of training and rehabilitation after assignment thereto) or, in the case of personnel qualified in submarines, as a prospective crewmember of a submarine being constructed, and during periods of instructions to prepare for assignment to a submarine of advanced design or increased responsibility on a submarine.

Mr. RIVERS. That just makes it clearer, doesn't it?

Mr. HARDY. You haven't done very much to the original language except insert on line 20; on page 16, which I am looking at, inserting something about persons trained.

Mr. RIVERS. It takes in the period during the construction when he is assigned to it.

Mr. BLANDFORD. It is actually the addition of the words "or in the case of personnel qualified in submarines." That is the key to it.

Mr. HARDY. That is the only thing that you have added, isn't it, to the original language?

Mr. BLANDFORD. That is right, that is the key to it.

Mr. RIVERS. Does that sound all right?

Admiral SMEDBERG. Yes, sir.

Mr. RIVERS. Does that sound all right to you, Mr. Secretary?

Secretary PAUL. Yes, sir.

Mr. HARDY. You don't need then this italicized addition before "following transfer from a nonnuclear submarine," because you substitute "in case of persons qualified"?

Mr. BLANDFORD. That is exactly right.

Mr. GORHAM. That is right.

Secretary PAUL. Mr. Chairman, I said it is all right with us. Whether the Navy feels they have a special problem remaining, I am really not competent to say. If Admiral Smedberg has any remarks on that, I would be pleased to defer to him on this.

Mr. RIVERS. Did you say this makes it better for you in your problems with this nuclear program you have?

Admiral SMEDBERG. Yes, sir. The only thought I was trying to put together in my mind was whether this takes care of the man who goes from a nuclear submarine to a nuclear submarine under construction. Now if it takes care of that it is perfectly all right.

Our problem today is this: the man who has been in submarines for years is in there because he likes submarines. Everybody doesn't like submarines. We want him to volunteer to go into the nuclear program. He would like to, but he has to lose pay for 1 year right now while he is going through the process, either attached to a submarine under construction or under instruction.

Mr. HARDY. Wouldn't this language that we have just inserted take care of that?

Admiral SMEDBERG. The language you have inserted I believe takes care of everything except possibly, and I am not quite certain, the man who goes from a nuclear submarine to a nuclear submarine under construction.

Mr. HARDY. Read that language again.

Mr. BLANDFORD (reading):

* * * or in the case of personnel qualified in submarines, as a prospective crewmember of a submarine being constructed, and during periods of instructions to prepare for assignment to a submarine of advanced design or a position of increased responsibility on a submarine.

Mr. RIVERS. That looks like it will take it in.

Mr. BLANDFORD. I think it ought to be made clear that the purpose of changing the section as proposed by the Navy is that it could otherwise be construed to include a recruit out of Bainbridge.

Admiral SMEDBERG. We didn't want that.

Mr. BLANDFORD. So we are trying to eliminate it.

Admiral SMEDBERG. That is right.

Mr. GAVIN. Repeat that again.

Mr. BLANDFORD. The only change in the section is to eliminate any possibility that a recruit right out of the recruit depot would draw submarine pay when he was sent to the nuclear submarine school, which I think is in Idaho. It didn't make much sense to pay a recruit fresh out of Bainbridge submarine pay before he had ever seen the inside of a submarine.

Admiral SMEDBERG. That is right.

Mr. OSWERS. In the very first part of the amendment which Colonel Blandford read, it might be possible for someone who wanted to make a strained interpretation, that it would not include—I don't have a copy of the language in front of me—it would not include a man in the category that Admiral Smedberg described, going from one nuclear submarine into another nuclear submarine.

That could be changed I think by adding the words, after the word "submarine" in the first part of the amendment, "of any type."

Colonel Blandford, I hate to have him read it for the 17th time but if he would read just once again the first part of that amendment.

Admiral SMEDBERG. I think it is all right but I am not sure.

Mr. OSMERS. I think that is what is confusing, Admiral Smedberg.

Admiral SMEDBERG. Yes.

Mr. BLANDFORD. I will read the existing law: "For the purpose of this subsection 'hazardous duty' means duty on board a submarine, including in the case of nuclear-powered submarines periods of training and rehabilitation after assignment thereto, as determined by the Secretary concerned, and including submarines under construction from the time builder's drills begin."

Now the language would be changed to read: "As determined by the Secretary concerned, on a submarine, including in the case of nuclear-powered submarines, periods of training and rehabilitation after assignment thereto."

Let me stop and say parenthetically that was to take care of double-crew situation on Polaris submarines.

Mr. RIVERS. That is right.

Mr. BLANDFORD. Then add the language, "or in the case of personnel qualified in submarines as a prospective crewmember of a submarine"—nuclear, conventional, unconventional, any type—"being constructed, and during periods of instruction" et cetera, et cetera "on the submarine."

Admiral SMEDBERG. That is all right.

Mr. RIVERS. I think that will take care of it.

Admiral SMEDBERG. Yes, sir.

Mr. OSMERS. I think when you present this bill to the House it probably would be proper for you to put a sentence or two in your statement so it is absolutely clear we refer to men going from one submarine to another but not to a raw recruit going into training.

Mr. BLANDFORD. Yes, sir, the whole purpose of the change was to prevent that interpretation.

Mr. RIVERS. I don't think it would be susceptible to two interpretations.

Mr. BLANDFORD. Do I understand this section is all right as amended?

Mr. RIVERS. Yes, without objection that section will be accepted as amended.

Mr. BLANDFORD. Now we come to incentive pay for duty inside a high- or low-pressure chamber, page 17, new section 6. This is a change in the law in which we eliminate the word "observer" and we add duty in "low-pressure chamber."

Mr. RIVERS. As well as the high-pressure chamber.

Mr. BLANDFORD. Yes, because they are doing a great deal of experimentation in both areas.

Mr. RIVERS. Without objection that section is approved.

Mr. BLANDFORD. All right, sir.

Mr. RIVERS. That takes us to page 17. We have passed over the other for the time being.

Mr. HARDY. Line 7.

Mr. BLANDFORD. Page 17, line 7 of the subcommittee print.

Mr. RIVERS. All right, go ahead.

Mr. BLANDFORD. This is the multiple payment provision, multiple so that a man can draw more than one incentive pay, he could draw two incentive pays.

Mr. RIVERS. We explored that.

Mr. BENNETT. I favor approving this but I do think it has to have very careful regulations so it is not abused. It certainly can be abused. Is there any protection against this being subject to abuse?

Secretary PAUL. Yes, sir. What we have in mind here involves a limited number of personnel. I think one of the clearest examples of this kind of duty would be the Navy sea-air-land teams, or seal teams, where a man has to be proficient in parachute jumping, diving and underwater demolition. His duty is a combination of all those things. He is undergoing at least two of the hazards for which we presently specify he is eligible for only one hazard pay.

Mr. BENNETT. This is not proficiency pay, this is not to be proficient, it is to be danger pay, this is a hazard pay.

Secretary PAUL. Yes, sir.

Mr. BENNETT. So the fact that he is qualified to do it isn't the criterion, the fact that he is actually performing is the criterion.

Secretary PAUL. Right, sir.

Mr. BENNETT. The reason I have concern about this, I presume in order to make this a practical thing you have to determine that a man does one of these things a certain period of time during the month, if he does that minimum he gets zeroed in for the whole month operation, I assume. It is not done on an hourly basis, it has to be done, I assume, on a monthly basis.

Secretary PAUL. That is correct. He would be subject to the same regulations as a person who is now drawing the single hazardous duty pay. In other words, he would have to be performing that duty for a period of time.

Mr. BENNETT. Take the illustration you have so we understand what you are going to have. Here you have a man that does both these things you just mentioned. How many actual days in a month would he have to be doing either one of these two things? You would have to do both of them, but what is the minimum he could do in a month to draw the pay for both?

Colonel BEXADE. If I may answer that question, Mr. Bennett. Right now each of the various incentive hazardous duty pays are controlled by both Executive orders and individual regulations of the military departments.

Each of these regulations requires the performance of a certain minimum amount of this hazardous duty in a given period of time. In the case of parachute jumping it requires a specified number of jumps during that period.

Mr. BENNETT. How many?

Colonel BEXADE. Generally, it requires a minimum of one or more jumps during any three consecutive calendar months.

Mr. BENNETT. One jump a month he would get the pay?

Colonel BEXADE. Yes, sir.

Mr. BENNETT. Now what is the minimum for the demolition man?

Colonel BEXADE. They must actually engage in demolition duty during any given month to qualify for incentive pay for that month.

Mr. BENNETT. I feel we are being a little on the generous side with regard to this. I don't think we are generous enough in some other fields. Because I think when we established the jump pay, for instance, we had in mind that a man was going to get this pay partly because he might be jumping a little bit more than that.

I kind of doubt that the people doing both of these things are going to be exactly in that position. In other words, if they are going to jump only one time in the month.

Mr. RIVERS. That is the minimum.

Colonel BENADE. Yes, sir.

Mr. BENNETT. Yes; one jump out of 30 days. And you are going to have demolitions, say, for only 5 hours in a month, this gets a little on the generous side. You may not have any better way of doing it, but I would feel happier if there was a degree of conservatism applied to it. I don't know how you could do it.

Colonel BENADE. I can appreciate your concern. I do want to assure that in this case the desires of the individual are not a consideration at all. It is the military mission, and the members that we envision receiving this not more than two payments are those members who are assigned to units where the actual performance of the mission of the unit requires the concurrent performance of these duties. And in all cases they will not only meet the minimum requirement but I am sure will exceed it in actual practice.

Mr. BENNETT. In other words, you feel it can be kept in check?

Colonel BENADE. Very definitely, Mr. Bennett. Very definitely.

Mr. BENNETT. That is all I want to know.

Mr. RIVERS. Without objection we will go to the next section.

Mr. KILGORE. I want to make the comment on this—hazardous duty operation that what the additional cost amounts to will probably be saved in longevity pay.

Mr. RIVERS. I think you might have something there.

Mr. OSMERS. Mr. Chairman—

Mr. BATES. I would be glad to yield.

Mr. RIVERS. Mr. Bates, do you yield?

Mr. OSMERS. If the gentleman will yield to me. I was wondering if the committee might consider offering hazard pay to Members of Congress in even numbered years.

Mr. RIVERS. Go ahead, Mr. Bates.

Mr. BATES. Just this one situation, let's take a look at this situation: I think you have got to presume that one of these is more dangerous than another.

Colonel BENADE. Yes, sir.

Mr. BATES. Now let's take the situation where a man is qualified for both things, but let's say that he performs the less dangerous one more frequently and the more dangerous one less frequently. Now let's take another individual who just performs the most dangerous one all the time.

Now under your proposal the fellow that has the two skills will get more pay even though the danger to which he is exposed is less than the fellow who does the more dangerous thing more often. Now, it gets sort of paradoxical doesn't it?

Colonel BENADE. Not really, Mr. Bates.

Mr. BATES. Except it is desired to have a man with two skills.

Colonel BENADE. That is really the key of it, Mr. Bates. Before you could have the exposure to the hazard you have to have the individual apply, take the training and undertake the hazards of both of the occupations.

So the first key is the fact that this payment of not more than two incentive hazardous duty pays operates as an incentive for qualified people to volunteer for and to be trained in more than the one incentive duty hazard.

Then, second, he can only qualify for the double payment if he actually performs both of the hazards.

Mr. BATES. I understand.

Colonel BENADE. Now even today, Mr. Bates, it can work too, and does, that although you have the same rate of incentive hazardous duty pay of \$55 a month, we will say, for the enlisted member, one man actually, by virtue of his duties, be exposing himself much more in terms of hours of exposure, like in demolitions, in the course of a 30-day period than someone else whose duties only require him to perform a minimum amount of this hazardous duty. So you really have that situation right now.

Mr. BATES. Well, we don't want to perpetuate—

Colonel BENADE. Aggravate it? I agree. That is why I say I think the key to this is these individuals who would be volunteering for this, really don't know how much of this double danger they can—

Mr. BATES. Of course, you can rationalize these things any way you want to.

Colonel BENADE. Yes, sir.

May I say one thing more: If the amounts were larger than they are for hazardous duty pay, I think your point would be a very good point. As it is, because the amount is \$55 a month we don't feel that to gain an extra \$55 a month an individual who doesn't have the motivation and the real drive would put in for this. The difference isn't that much, in other words.

Mr. BATES. I won't argue the point.

Mr. STRATTON. I wanted to go back, if I could, to the submarine pay.

I apologize for coming in late. I assume that the section was approved as it appears here?

Mr. BLANDFORD. No, it was not.

Mr. HARDY. It was amended. It was amended to conform to the objection that Admiral Smedberg raised the other day. We had quite a discussion on it. I don't know whether you want—

Mr. STRATTON. The point that I was concerned about was the deletion of the prospective crewmember of a submarine being constructed.

Mr. HARDY. That has been provided for.

Mr. STRATTON. That is retained?

Mr. BLANDFORD. We changed it by saying "a person qualified in submarines." That was the key to it. We had left that language out.

Mr. STRATTON. You mean a person qualified in submarines who is a prospective crewmember then gets the pay?

Mr. BLANDFORD. Of a new submarine under construction. This has been traditional.

Mr. STRATTON. That is what I was concerned about.

Mr. HARDY. That was taken care of by amendment.

Mr. STRATTON. Thank you.

Mr. HARDY. Without objection we will approve the multiple incentive pay.

Go ahead.

Mr. BLANDFORD. The next, Mr. Chairman, is the "Repeal of authority for special pay for sea and foreign duty."

Mr. BATES. What page?

Mr. BLANDFORD. Page 17.

The subcommittee prints deletes the entire section, and the effect of deleting it is to retain the system of special pay for paying sea and foreign duty. This, of course, adds \$133 million to the cost of the bill.

Mr. BENNETT. I move we delete the suggestion of the original bill.

Mr. HARDY. Is there objection?

Mr. BATES. Seventeen?

Mr. HARDY. So that we will continue to pay for sea duty as it is now.

Without objection we will strike that section.

Mr. BLANDFORD. "Sea and foreign duty pay," page 17.

Mr. BATES. Does anybody have anything more to say? A total of \$133 million ought to get a little bit more in the record on it.

Mr. HARDY. Of course, we have a good deal on it in the previous record in the hearings. But if Mr. Paul wants to agree with the committee in this, I think it would be fine.

Mr. BATES. I think counsel indicated on yesterday when this item came up we would discuss it further.

Mr. OSMERS. Let's give him a fair chance to agree with the committee.

Secretary PAUL. Mr. Chairman, I do appreciate a chance to make a general observation, which is applicable not only to this but other items the committee will consider later on.

We have proposed a bill here, after 10 months of rather intensive work, that we feel is a fair bill. We recognize that the passing of laws on pay for military forces is the prerogative and the responsibility of the Congress.

We are prepared to make suggestions but, on the other hand, we have proposed a bill which is by and large the most costly increase that has ever been made in military pay. It is well deserved, and we feel that in the combination of the things we have requested, which is going to involve an annual increased cost of \$1.2 billion, we have proposed a fair bill.

Now we did eliminate sea and foreign duty pay. This involves the difficulty of taking away a certain pay to which enlisted members have become accustomed. I believe sea pay in more or less its present form has been in effect since 1942.

If I may just give you our feeling about the various elements involved in sea and foreign duty pay, we would consider that sea pay, as such, has considerably more justification than foreign duty pay.

Now, as far as I can see, the sea duty pay is the element with which I am especially concerned.

There are, I think most of us would recognize, some types of oversea duty that from a financial standpoint are better than duty at

home, and if that lends itself to regulation, I would not be unreceptive to a provision which would permit regulation of foreign duty pay in accordance with the conditions at particular stations.

Mr. RIVERS. I think Mr. Hardy said exactly what I was going to say. That is the way I feel.

Now, Mr. Blandford, you mentioned that you would be able to work out some kind of—

Mr. BLANDFORD. Well, Mr. Chairman, as you indicated—

Mr. RIVERS. You recognize we are adamant on sea pay?

Secretary PAUL. Yes, sir, it has been made quite clear.

Mr. RIVERS. We aren't changing that.

Now we will try to work out something with you on the foreign duty pay.

Mr. BATES. There is more justification to get increased pay in New York City than there is many places overseas.

Mr. RIVERS. That is right.

Mr. BATES. From the point of view of the cost of the families involved.

Mr. BLANDFORD. May I suggest as a modification, which I think would make some sense, that no foreign duty pay would be paid to any person who had his dependents with him.

Now to me this at least is an indication that when a man goes to an oversea base and he can take his dependents with him, it is a little hard to justify giving him foreign duty pay.

Mr. BATES. How about the cost. Do you have to pay him—

Mr. BLANDFORD. Anybody who qualifies to have his dependents overseas would qualify for a station allowance in those areas.

Secretary PAUL. Station allowance in some areas, yes, sir.

Mr. BATES. And that is predicated upon local costs?

Secretary PAUL. Yes, sir.

Mr. BENNETT. Why don't we see if they can bring back some regulations like that?

Mr. BLANDFORD. This would be an amendment which would be simple to propose right here.

Mr. RIVERS. Let's hear it.

Mr. BLANDFORD. That is in section (b). I haven't written it, but I can make it up as I go along.

I am now reading section 305(b) of Public Law 87-649:

Appropriations of the Department of Defense may not be paid as foreign duty pay under subsection (a) of this section to a member of a uniformed service who is a resident of Alaska, Hawaii, Puerto Rico, the Virgin Islands or a possession unless that member is serving in an area outside Alaska, Hawaii, the Virgin Islands or a possession of which he is a resident, as the case may be.

I think you could add to that: "and subject to such regulations as the Secretary may prescribe, no appropriations of the Department of Defense may be paid as foreign duty pay to any member of the uniformed services who is accompanied by his dependents."

Mr. RIVERS. Because you get your station allowance.

Mr. BLANDFORD. Yes, sir.

Mr. BATES. Now wait. Now why do you exclude the individual that is living at a camp?

Mr. BLANDFORD. Well, your overseas—

Mr. BATES. He may not even be married.

Mr. BLANDFORD. That of course is a problem, but the man who is authorized to have his dependents with him if he has his dependents with him, I think should not draw foreign duty pay, if you want to modify it. Now what you are really faced with on——

Mr. LONG. I think you are saying you are not going to pay for foreign duty.

Mr. BATES. Yes, anybody, at a certain station——

Mr. BLANDFORD. An E-1 or E-2 who is in Wiesbaden, a delightful place, is still nevertheless a youngster overseas, he doesn't get a chance to go home and leave until he has finished his tour of foreign duty.

Now we have given these people foreign duty pay. If you wanted to make an exception, and you could make all foreign duty pay subject to regulations as far as that is concerned, but I am thinking of a situation, for example, in Okinawa, where you have all enlisted personnel drawing oversea pay, and yet you have some enlisted personnel over there occupying Government housing and they are also drawing sea pay.

I think there is a difference between a man who is overseas away from home without his family and a man overseas with his family. That is the only thing I am proposing.

Mr. BENNETT. That is a modest approach, and I think it is probably better than just leaving it like it is.

Mr. RIVERS. Mr. Bates, have you finished?

Mr. BATES. I think that creates a lot of problems.

Mr. BLANDFORD. I think you could make it subject to such regulations as the Secretary may prescribe and let them worry about the problem.

Mr. BATES. I think that is right. But if we put in the bill the fact that it wouldn't apply to married people with their families over there, I think it is just complications. I think it is either justified or not.

Mr. BLANDFORD. That takes us right back to the question as to whether you should pay foreign duty pay. Certainly an enlisted man in South Vietnam is in a different situation than an enlisted man in Wiesbaden. On the other hand, not all of the assignments in Germany are garden spots. This is the problem you get into.

Mr. RIVERS. "Under such regulations as the Secretary may prescribe," would that cover it?

Mr. BLANDFORD. Yes. This is a broad vesting of authority, but I think if the subcommittee will express for the hearings their indication of what they have in mind ought to go in these regulations, then we could say "except as may be limited by such regulations as the Secretary may prescribe."

Now the only thing I say is, I think the Department ought to receive some guidance from this subcommittee as to who should get this and who should not get it.

Mr. BENNETT. May I make my little speech? My feeling about it is I feel like whether they are married or not married, whether dependents or no dependents are there, that the Department ought to be allowed to select prestige or advantageous spots like Paris, or maybe even all of Europe, the Department ought to be able to make regulations to eliminate oversea pay. That is what I feel.

Mr. RIVERS. Mr. Stratton.

Mr. BATES. Selected spots.

Mr. STRATTON. I would like to make one comment. My feet aren't in concrete on this point, but I am inclined to think that we get into trouble when we try to discriminate particular assignments, and I think we are apt to overlook the fact that while for Members of Congress it may be a big treat to get to Europe that for many of these lads who may even be serving in places like Paris, Wiesbaden, and the rest, it is no great treat to them. They would rather be home in New York or Massachusetts. It is difficult to convince them that they are having the time of their lives, this opportunity to travel.

I think we have got a basic opposition on the part of Americans to spending any time abroad, and I think one of the reasons why we have this in law is as an incentive to carry out some of our worldwide obligations. I hesitate to eliminate it.

Mr. GAVIN. Will the gentleman yield?

Mr. STRATTON. Be glad to.

Mr. GAVIN. Leaving it to the discretion of the Secretary, he can determine what particular assignment or spot this individual is going to.

In fact, I have had many requests to return back to Germany, for instance. They have done their tour of duty and they are anxious to go back.

I think if the Secretary is empowered and authorized at his discretion, he can determine the particular spot that the serviceman is assigned to as to whether it is of such a nature that he is entitled to foreign duty pay.

Mr. RIVERS. Go ahead, Mr. Stratton.

Mr. STRATTON. I have no further comment.

Mr. BATES. Are we meeting this afternoon? I think we have gone far enough. If we are going to meet this afternoon let them come up with some suggestions.

Mr. HARDY. I think that might be a good idea.

Mr. RIVERS. We are going to meet this afternoon until we finish this bill.

Mr. HARDY. I agree in the suggestion that Mr. Blandford made that you should keep in mind, that under the regulations now, tours of duty vary according to whether you have your dependents with you.

Mr. RIVERS. I will tell you something else. We have to realize you have to leave some discretion to the Department. We can't just prescribe the activities. If you don't leave some discretion to them how can they run this thing.

Mr. BLANDFORD. Since the Army is here and General Hewitt is here, perhaps we might get on the record the views of the Army, who probably will be the main losers in this proposition, with any restrictions.

Mr. RIVERS. Dr. Long, did you want to say something first?

Mr. LONG. I think not.

Mr. BLANDFORD. General Hewitt is right here.

Mr. RIVERS. What do you think about the situation?

General HEWITT. I think we ought to have this foreign duty pay. If you are going to have sea duty pay I think there should be foreign duty pay, because the man in Korea, I think has it just as hard as an individual on sea duty and I don't think you can differentiate between

them. We are thinking about the man over in Korea, who gets that foreign——

Mr. BENNETT. Nobody suggested Korea, we are talking about Paris.

General HEWITT. There aren't very many in Paris.

Mr. BENNETT. Then the regulations wouldn't apply to them.

Mr. RIVERS. Wait a second. This doesn't stop foreign duty pay.

General HEWITT. No, sir.

Mr. RIVERS. It would give authority to the Secretary to prescribe. He would prescribe the regulations, rather than a blank check.

Is this right, Mr. Paul?

Mr. GAVIN. The Secretary at his discretion could determine the particular assignment the serviceman has, whether or not he should or should not be entitled.

Mr. RIVERS. Mr. Blandford, is that what we have done?

Mr. BLANDFORD. Well, Mr. Chairman, I think General Hewitt has put his finger on what the problem is going to be. There is going to be a destroyer sitting out at Pusan and everybody is going to come ashore drawing sea pay, and meet with enlisted men from the U.S. Army in Pusan, and there is going to be an awful lot of irritation because one of them is drawing sea pay and the other is not drawing the equivalent.

Mr. BENNETT. Has anybody thought that Korea would be involved in this?

Mr. BLANDFORD. We don't know what the regulations of the Secretary are going to be.

Mr. BENNETT. Say that in the law.

Mr. BLANDFORD. That is the reason I say, when you say "subject to such regulations as the Secretary may prescribe," this is a blank check.

Mr. BENNETT. I would limit him to Europe.

Mr. BLANDFORD. I can also give you indications of assignments in Europe——

Mr. BENNETT. They are always in hopping distance of these lovely places that they have never been able to get to, I have never been able to.

Mr. STRATTON. This points up the difficulty of trying to distinguish between separate places. There are bound to be some abuses, but you have different ships. I mean somebody might be on an old "tin can" and somebody might be tied up alongside at the Navy yard the way Admiral King was during World War II.

But I don't think that—I think what we lose in trying to discriminate between various types of assignments is minor.

Mr. BATES. I go back to my original suggestion, that we pass over it temporarily and let the staff try to work something out.

Mr. RIVERS. Suppose you do that.

Mr. BLANDFORD. I would like to work out something, but I——

Mr. GAVIN. The general has given us Korea. You wouldn't compare Korea with Wiesbaden or Heidelberg.

General HEWITT. No, sir.

Mr. GAVIN. Then what would you do under those circumstances? If it is left to the discretion of the Secretary to determine where the man is assigned, he can determine whether he is entitled to foreign duty pay.

But you bring up Korea, you might bring up Formosa or Guam or Okinawa or some other place. But when you get to comparing them with Coblenz and Heidelberg and Wiesbaden and the Berchtesgaden area down in southern Bavaria, there is a great deal of difference between those assignments and Korea.

General HEWITT. Yes, sir; and there are also places in Germany that are a lot different from Wiesbaden.

Mr. GAVIN. There certainly are.

General HEWITT. There are a lot of people right up on the line there in Germany.

Mr. GAVIN. Yes, but that could be determined, too; if they are in hazardous spots they ought to be entitled to it, if it is left to the discretion of the Secretary to determine.

Mr. RIVERS. Mr. Blandford, do you think you could get something for us to consider?

Mr. BLANDFORD. No, sir; I have about eight different positions and I am not really sure which one the subcommittee proposes here.

Mr. STRATTON. Let's just leave it in.

Mr. BENNETT. Just leave it like it is then.

Mr. BLANDFORD. I think perhaps the best thing to do, if I may make a suggestion, is to leave it the way the committee print has it at the moment and just delete the proposed repeal.

This is something that could be worked out, if necessary. This is a subject that could be worked out, if we come up on the floor of the House, that by this time everybody is in agreement on. We could offer it as an amendment.

I think this is the sort of thing that all the uniformed services ought to comment on.

Mr. HARDY. Maybe Mr. Paul can come up with something. I think most of us would agree that in these unusually nice billets foreign duty pay is probably not justified. I don't know whether you can distinguish or not, but maybe Mr. Paul can come up with a suggestion.

Mr. BLANDFORD. I think to expedite the action we ought to proceed with the understanding that it is quite possible that within the next month or two, the uniformed services may be able to get together on this, and by that time the bill would be in the Senate or on the floor of the House.

There is no reason why we couldn't consider it at that point.

Mr. OSMEERS. Mr. Chairman, on this very point, as the discussion has proceeded I have become less and less optimistic about our ability to write law or even to have the appropriate Secretaries make these determinations for the simple reason that a vast majority of people on foreign duty are not serving in the Paris and Wiesbadens and that you will get a great loss of morale throughout your entire services if you start to make distinctions between different parts of Germany, and I think you are imposing upon the Secretaries concerned, possibly administrative responsibilities that have no practical solution.

Mr. GAVIN. Would the gentleman yield?

Mr. OSMEERS. Certainly.

Mr. GAVIN. And a serviceman may be in some particularly nice location and he suddenly is transferred into a hazardous spot and he has to go through the channels to get his records recorded and restored.

We ought to make it either one way or the other. As far as I am

concerned, I think foreign duty pay ought to be granted so that we won't have these difficulties that will be constantly arising in many, many cases, I presume.

So I want to be recorded that it would be better to pay them all foreign duty pay than make exceptions that are going to affect the morale of the troops wherever they may be.

Mr. GUBSER. Mr. Chairman—

Mr. GAVIN. Or those at sea.

Mr. STRATTON. The gentleman agrees with me. This is the only solution.

Mr. BENNETT. We have a motion before us which I made.

Mr. RIVERS. Mr. Gubbser.

Mr. GUBSER. Would this be not too complicated an answer, that we perhaps cut back a little bit on oversea pay and keep it uniform but provide for an additional hardship pay at the discretion of the Secretary?

Mr. BLANDFORD. That is coming in the next section.

Mr. RIVERS. We have the hardship pay next.

Mr. GUBSER. Up the hardship and leave this as it is.

Mr. BENNETT. Of course, that is what the Department wanted to do. This is a sort of compromise.

Mr. BLANDFORD. When you get to hardship, that is what the separation allowance is for.

I think there is something in what Mr. Gubser says to this effect, that perhaps instead of reducing overseas and foreign duty pay that you might want to consider changing it so that overseas and foreign duty pay might be paid to people in remote areas.

I frankly find it difficult to believe that a man serving on a mountaintop in Idaho, 55 miles from town, is in any better position than a man serving 22 miles out of Wiesbaden.

Mr. GUBSER. What would Dutch Harbor, Alaska, be?

Mr. BLANDFORD. I don't know. Alaska is included for people except those who come from Alaska.

Mr. BENNETT. Hawaii?

Mr. BLANDFORD. It is foreign duty pay except for Hawaiians.

Mr. BENNETT. I spent a year in Hawaii and I think it is a lovely assignment.

Mr. OSMERS. I did 6 months there, and I agree with you.

Mr. RIVERS. Dr. Long?

Mr. LONG. I wonder if Mr. Paul can give us some idea of how much money would be involved if we denied foreign duty pay to those persons situated in places like some parts of Germany and so forth, where it isn't felt there is particular hardship or extra expense?

Secretary PAUL. Dr. Long—

Mr. LONG. Is this a considerable saving if we do it?

Secretary PAUL. I have to go at the answer this way. Of the \$134 million that would be required for the continuance of it, a little over \$40 million is now in the sea pay category, so that the remainder, in other words, roughly two-thirds, perhaps a little more, is in foreign duty pay.

Mr. RIVERS. Between \$80 and \$90 million.

Secretary PAUL. Yes, sir, approximately \$90 in foreign duty pay.

Now we haven't costed it out, because our proposal had been to knock the whole thing out.

Mr. GAVIN. What?

Secretary PAUL. Had been to knock the entire thing out.

Mr. GAVIN. Why would you want to do that at that point, I might ask you, knock it all out?

Secretary PAUL. Mr. Gavin, we had proposed as an alternative to that, which the committee will be considering as we go through the bill, a hardship, an unusual hardship--

Mr. GAVIN. Yes, but we are very generous with all the countries of the world. I think I noticed the other day in the paper where we are allocating to countries of the Far East several hundred million dollars. So even though this may sound rather large--\$133 did you say, or \$134 million?

Secretary PAUL. Yes, sir.

Mr. GAVIN. I don't know but what it is satisfactory to pay our own boys who are serving their country, in view of the fact that we are very generous to all the countries of the world.

Mr. LONG. Mr. Chairman, I wonder if I could get an answer to the question which I asked from Mr. Paul?

Mr. GAVIN. Yes.

Secretary PAUL. As I say, within the \$90 million we could probably give you only a rough estimate at this time. But we have, for example, over 400,000 members in Europe. So I would think that if this were administered as Mr. Bennett suggested, possibly to eliminate Europe, that would save probably half that amount. But I don't have the exact figure.

Mr. LONG. Twenty or thirty million dollars, something like that.

Mr. HARDY. If Dr. Long will yield, I have a particular concern with why we continue Hawaii in foreign pay. That is a State, and Alaska would fall in the same category except for the remote areas.

I think perhaps we should--personally I would say we ought to eliminate both Alaska and Hawaii from foreign duty pay as such, and perhaps include something that would permit payment of some sort of a pay in these remote areas.

Secretary PAUL. We have approximately 41,000 in Hawaii now, Mr. Hardy.

Mr. HARDY. I declare, I don't see any justification at all for calling that foreign duty now. We went through all of the pangs of child-birth to get them in as States, and now that they are States they are still foreign duty.

Mr. STRATTON. I would agree with Mr. Hardy on that.

How would we get it out?

Mr. BLANDFORD. If you deleted Alaska or Hawaii from the statute then of course you would not draw foreign duty pay while you are in Alaska. I think Hawaii obviously stands by itself, but I think as Mr. Hardy pointed out, at least from the brief visit I made there, it is a tough duty station, in many of those areas, and I think you would be making a serious mistake to strike Alaska.

Mr. HARDY. If you struck Alaska you would have to provide for pay for remote duty stations, because goodness knows anybody up in Point Barrow is certainly entitled to foreign duty.

Mr. BENNETT. It is obvious we can't make any progress on this. So I move we approve the deletion of this section.

Mr. RIVERS. You have heard the motion——

Mr. GAVIN. Wait a minute. What is the section? Read the section.

Mr. BLANDFORD. The section, Mr. Gavin, simply deletes foreign duty and sea pay as it now is in the law. This is the proposal of the Department of Defense. The committee print deletes this provision from the bill, and the effect is to keep foreign and sea pay as it is today.

Mr. RIVERS. The sense of this is to have it as Mr. Blandford has it in the committee print.

Mr. BLANDFORD. Yes, sir; to continue the foreign duty and sea pay.

Mr. HARDY. I subscribe to that, except I would like language drawn to eliminate Hawaii.

Mr. BLANDFORD. You can offer the amendment——

Mr. HARDY. I would just like whatever it takes to eliminate Hawaii.

Mr. LONG. I am wondering whether it would be possible to eliminate the reference to foreign duty and simply say "remote duty pay to be determined by the Secretary as an administrative matter, of what is remote duty," and that would cover the question of whether somebody was serving in some remote place in the United States.

Secretary PAUL. May I comment on this?

Mr. LONG. Yes.

Secretary PAUL. I think there is a danger in just referring to it as remote duty. As Mr. Kilgore or Mr. Bates said, it costs a good deal to live in some of these metropolitan areas. There can be a good deal of hardship involved there as well. For that reason, in the special pay that we had proposed, we used the words "unusual hardship." I can think of Ankara, Turkey, where it is pretty tough duty.

Mr. RIVERS. I guarantee that, it is rough.

Secretary PAUL. Yet you can't call it remote.

Mr. LONG. I was thinking of some term such as that, but something other than "foreign," because I gather it has lost all meaning as to whether it is expensive or unpleasant duty. You need some words better than "foreign duty." Why can't we leave that out and let the Secretary determine what is remote or hardship duty?

Secretary PAUL. That would raise the——

Mr. GAVIN. There would be so many questions on so many different individuals that they never would get their work completed trying to determine who is entitled.

Mr. LONG. You mean it would cost more to administrate it.

Mr. BATES. Is there anything that could be worked out on this, Mr. Paul, if we gave you a little time to do it?

Twenty years ago I was in on some of these decisions on sea pay and they sure were rough——

Mr. GAVIN. There is an amendment——

Mr. BATES. Trying to draw the lines you run into terrible problems.

Mr. RIVERS. I think that is the reason Mr. Paul wanted to eliminate it, because you can't draw regulations to cover every individual case. I think to bring it to a point——

Mr. BATES. Would you attempt to answer the question, if he may, Mr. Chairman?

Secretary PAUL. Well, the basis for our proposal for unusual hardship pay was to isolate certain areas, such as some of the ones that

have been mentioned here as unusual hardship posts. We believe that, with the help also of regulations already established by other departments of Government, that we could arrive at a list of places that could be regarded as involving unusual hardship.

Mr. GAVIN. But you would have to almost set up a new department to go through the several million that are involved in the setup and never would get your work finished. It either has to be one or the other in my estimation.

Mr. Chairman, a motion has been offered and I think we ought to vote on it.

Mr. RIVERS. Mr. Bates has the floor.

Mr. BATES. You have no other suggestions?

Secretary PAUL. I feel we could develop a differentiation between degrees of hardship. We have proposed two degrees. Perhaps three degrees would be more appropriate.

Mr. BATES. I wonder if there is anything practical you can come up with. I think you can draw the line, but is it a practical and a wise thing?

Mr. RIVERS. I think for a budget of \$54 billion if we equivocate on a little-----

Mr. GAVIN. 134.

Mr. RIVERS. The impact on morale has been testified to by the Chief of Personnel of the Army, who are the greatest beneficiaries of this, if you want to call it that, I think it would be splitting hairs right down the middle, and as far as I am concerned I am ready to vote on it.

You have heard the motion of the gentleman-----

Mr. GAVIN. I want to concur in what the chairman has stated.

Mr. RIVERS. You have heard the motion of the gentleman from Florida, Mr. Bennett. Those in favor-----

Mr. GAVIN. The motion is?

Mr. BLANDFORD. To strike it-----

Mr. GAVIN. To leave it just as it is now.

Mr. BLANDFORD. To accept the committee print which deletes the section which repeals sea and foreign duty pay.

Mr. GAVIN. Would what?

Mr. BLANDFORD. To delete the section in the bill-----

Mr. RIVERS. Just what you have been talking about.

Mr. BLANDFORD (continuing). Which would repeal sea and foreign duty pay.

Mr. HARDY. I am completely agreeable with that. I would subsequently want an amendment which would eliminate Hawaii.

Mr. RIVERS. Those in favor say "Yes." opposed, "No."

The ayes have it.

The section will remain as it is in the committee print.

Now, Mr. Hardy, you are recognized.

Mr. HARDY. I would merely offer an amendment to eliminate Hawaii from foreign duty pay.

Mr. BLANDFORD. May I phrase the language for you?

Mr. HARDY. If you would, please.

Mr. BLANDFORD. Mr. Hardy proposes that section 305 of Public Law 87-649, subsections (a) and (b) be amended by deleting the word "Hawaii."

Mr. RIVERS. Everybody understands that.

Mr. STRATTON. Mr. Chairman, I would like to offer an amendment to the amendment. It seems to me if we are going to make this on the basis of the United States, you can't eliminate Alaska. We have remote places in the continental United States, and Hawaii is not all Honolulu for that matter. I think if we are going to delete Hawaii we have got to delete Alaska, and therefore I would offer an amendment to amend Mr. Hardy's amendment by adding the word "Alaska."

Mr. HARDY. Let me make this observation in connection with that. I would be opposed to that unless and until we devise some procedure to take care of remote situations in Alaska, because Alaska is not comparable to any other State in the Union. If you have ever been to Point Barrow, you know what I mean.

Mr. STRATTON. My only point, Mr. Chairman, is that this area is being deleted on the ground that it is now a State.

Mr. HARDY. No, not solely that ground.

Mr. RIVERS. That is not the reason.

Mr. STRATTON. We have lush parts of the United States and other parts not so lush.

Mr. HARDY. That would be correct—

Mr. RIVERS. The parliamentary situation. The first vote would be on the amendment to the amendment by the gentleman from New York.

Mr. GAVIN. Before we vote on it, Mr. Chairman, I wonder if Mr. Paul would express his opinion on whether or not Alaska should be considered.

Mr. RIVERS. Do you want to express your opinion on Mr. Stratton's opinion?

Mr. BENNETT. You don't have to.

Secretary PAUL. I would prefer not.

Mr. HARDY. The question, Mr. Chairman.

Mr. RIVERS. Now the question is the amendment of Mr. Stratton to the effect that we strike Hawaii and Alaska.

Mr. BATES. This is on the Hardy amendment as amended by the Stratton amendment?

Mr. HARDY. No; it is on the Stratton amendment.

Mr. GAVIN. This is Alaska.

Mr. STRATTON. Do you want to add Alaska?

Mr. BLANDFORD. May I rephrase the parliamentary situation, Mr. Rivers?

Mr. RIVERS. Rephrase it.

Mr. BLANDFORD. The parliamentary situation is this: Mr. Hardy has proposed an amendment to section 305 of Public Law 87-649 that subsection (a) and (b) be amended by deleting the words "or Hawaii".

Mr. Stratton has offered an amendment to the amendment which would delete the words "or in Alaska or Hawaii".

Mr. RIVERS. That is right.

Now, the question is on the Stratton amendment. As many as favor the Stratton amendment will say "Aye."

Opposed, "No."

It appears to the Chair that the noes have it.

Now, the question recurs on the amendment by the gentleman from Virginia, Mr. Hardy.

As many as favor the Hardy amendment, will say "Aye."

The opposed, "No."

It appears to the Chair that the ayes have it.

Mr. BLANDFORD. Hawaii is out.

Mr. RIVERS. Now, let's go back.

Now, Mr. Gubser, you are recognized for an amendment to section 5 to the retired and retainer pay section to be found on page 5. We want to get this question settled before we can proceed to the other section.

The gentleman from California, Mr. Gubser, is recognized.

Mr. GUBSER. I spoke on this all day yesterday. I don't see any point in making a further plea now. The issue is clear cut. I think it is wrong. I want a vote on it, let's vote it up or down.

Mr. RIVERS. I want to say to the gentleman that we appreciate his fairness. I thought that the Chair yesterday gave him as much time as he possibly could to discuss this. As I said yesterday we realize the facts of life, we can't change all the things wrong with the universe.

Read his amendment, Mr. Blandford. You wrote it, didn't you?

Mr. BLANDFORD. Yes, sir.

Mr. Gubser has two amendments, the first amendment is on page 11 of the committee print, strike out all of section 4 which is the retirement recomputation provision. One word of explanation. If this section is deleted from the bill and no other language is put in it, then retired pay would be recomputed on whatever the basic pay scales are that go into effect in the future.

Mr. BATES. Is that all of them—

Mr. BLANDFORD. This would let everybody recompute who today, without the language in the 1958 act, would have been permitted to recompute. The 411 people could not recompute because they are not paid under the Career Compensation Act and the 511 people under the Court of Claims decision would because the only thing that prevented them from doing it was the action we took in 1958.

Mr. GAVIN. In other words, they can all recompute now?

Mr. BLANDFORD. No, sir. Mr. Bates have given the one exception, that is the people who are not paid under the Career Compensation Act would not be able to recompute, regardless of the language you adopt. Section 4 is applicable only to those people paid under the Career Compensation Act with the exception of the people who continue to recompute under section 511 of the Career Compensation Act.

Mr. RIVERS. This will add how much to the bill?

Mr. BLANDFORD. This will add \$80 million to the bill.

Mr. RIVERS. As many as favor the motion—

Mr. BATES. That is section 4.

Mr. BLANDFORD. It was section 5.

Mr. BATES. Yes. What is the significance of striking out all of line 19 and part of 20?

Mr. BLANDFORD. You don't mean line 19, do you?

Mr. BATES. Yes.

Mr. BLANDFORD. I beg your pardon.

Mr. BATES. That was provided in section 1402 of title 10 United States Code, what does that refer to?

Mr. BLANDFORD. That is a very interesting provision of law which would require some minor modification on our part. If we left that

language in there without modifying it, you would have the situation that after an individual retired, he could be called back to active duty for 1 day and because he served on active duty for 1 day could recompute under the new pay scales.

Mr. BATES. Is that the only—

Mr. BLANDFORD. That is the only change I have made in it.

Mr. RIVERS. I think everybody understands it.

Mr. BATES. I want to make sure. I think we understand the general situation.

Mr. BLANDFORD. We haven't even gotten into section 1402, because it is a technical provision.

Mr. BATES. I want to make certain what we are doing.

Mr. RIVERS. Excuse me, I didn't mean to cut you off.

Mr. BLANDFORD. You are absolutely right, I haven't mentioned it, because when you read the section of law it appears patent. You see in 1958 we put a provision in the law that people would have to come back and serve on active duty for at least a year and tombstone people would have to have 2 years in order to qualify for the 1958 pay scales. Section 1402 standing by itself, and I think Colonel Benade would agree with me, could be construed so as to permit a person denied the right to compute under the new pay scales, could come back on active duty for 1 day and then qualify for the new pay scale.

Mr. BATES. Is there anything else in that?

Mr. BLANDFORD. This is a big section but that is one feature of it that Colonel Benade and the drafters put in. Then, of course, this raises the whole question of—I approached it from the viewpoint that we ought to delete it at this stage of the game and then discuss later if you wanted to, what amount of active duty would be required in order to permit a person who is already retired who comes back on active duty, how much time he would have to serve in order to be reretired in order to qualify.

Mr. RIVERS. We had better leave these collateral issues off.

Mr. BLANDFORD. Yes, sir, that is why I didn't raise it.

Mr. GAVIN. There is—

Mr. BATES. Wait a minute, Mr. Chairman. I want to know what we are doing.

Have you stated your case?

Mr. BLANDFORD. I have tried to explain it.

Mr. BATES. Right. Do you have any inferences that you draw from this, Colonel?

Colonel BENADE. I would like to add one comment, sir. Section 1402 of title 10 is permanent law. It is under that provision of law that members previously retired who later are recalled and serve on active duty have their retired pay upon their re-retirement computed on the rates of pay in effect when they are re-retired. In the past, this has not been a particular problem because up until 1958, since recomputation was in effect, it really made little or no practical difference. But it is an important section. I believe it should be retained but amended to provide whatever minimum period of time the committee thinks proper that a man should serve on active duty in the event he is recalled after he has retired in order to be able to qualify for recomputation. Another reason it is important is this: You really have

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two situations that can happen after a man has retired. If the member comes back on active duty, whether it is voluntary or involuntary, technically he need only serve 1 day and go off active duty to recompute. That obviously is not desirable.

On the other hand, to delete it completely means that you could have a man come on active duty and serve for as long as 1, 2, or 3 years and say to him, "You are still going to be held at your old rate of retired pay." That would not be just.

Also, it is possible, although not very probable, some members can gain a promotion when they are back on active duty if they are on a long enough period of time. It is possible. And the effect of this, again—

Mr. BATES. Most of them did in World War II.

Colonel BENADE. Yes, sir; although I realize that was 20 years ago and we haven't much since then, but this is also for that possibility.

Mr. RIVERS. Didn't there used to be a regulation of 30 days?

Mr. BLANDFORD. No, sir. I suggest, and the reason I did not raise it previously is that it is technical and that until a decision was made as to whether you were going to keep the provision or delete it, what we would do would be to go back to the 1958 language where we said you had to serve a year on active duty in order to qualify for the new retirement pay.

Mr. RIVERS. All right.

Mr. BATES. All right.

Mr. GAVIN. A man assigned to submarine duty--this is not clear to me, and the submarine is under construction--does he receive submarine pay?

Mr. BLANDFORD. Yes, sir.

Mr. GAVIN. While the submarine is being constructed and he is in training, he gets full submariner's pay?

Mr. BLANDFORD. As long as he is a qualified submariner, assigned to submarine under construction he will draw the pay.

Mr. RIVERS. That is our understanding. As many as favor the amendment by the gentleman from California, Mr. Gubser, will signify by saying aye.

Opposed, no.

It appears to the Chair that the noes have it.

That disposes of it.

Mr. BLANDFORD. The section is deleted.

Mr. GUBSER. Just say that completes it, don't use that word "dispose", it sounds like garbage.

Mr. RIVERS. The Chair stands corrected. The amendment by the gentleman is not agreed to.

Mr. GAVIN. Wait a minute, I don't think you have got what the Chairman said.

Mr. RIVERS. The amendment of the gentleman from California is not agreed to.

Mr. GUBSER. Yes.

Mr. BLANDFORD. Now, Mr. Chairman, Mr. Gubser has another amendment.

On page 11 of the committee print, strike out all of section 4 and insert in lieu thereof the following language:

The changes made by this act in the rates of basic pay of members of the uniformed services do not increase the retired pay or retainer pay to which a member or former member of the uniformed services was entitled on the day before the effective date of this act except that any member of the uniformed services retired with 30 years or more of active duty or retired for disability shall compute his retirement pay under the basic pay scales provided in this act unless entitled to a higher amount under some other provision of this or any other law.

(b) Notwithstanding subsection (a) above, the retired pay of all persons entitled to retirement or retainer pay shall be increased by 5 percent on the effective date of this act.

Mr. RIVERS. Do you want to explain it?

Mr. GUBSER. If I may take just a moment or two. This was discussed yesterday. It strikes me now that the principle of recomputation is officially flushed down the drain or disposed of——

Mr. RIVERS. They are your words, not mine.

Mr. GUBSER. It strikes me that this is a very intelligent and legitimate compromise, in that the principal objection of the Defense Department to recomputation, namely the cost and the fantastic rise in cost which is imminent in the near future, this constitutes a compromise and eliminates much of the cost of recomputation and allows us to live with the situation. At the same time it recognizes that the 30-year man is in a slightly different position because he has contributed more of his life to his country and to the service and it also recognizes the fact that the disabled person had to retire involuntarily. I think you are cutting down the cost here but you are at least saving some of the principle which has been a tradition.

Mr. RIVERS. Then those with under 30 years would say, "You discriminate against us because they turned us out, we had no discretion." Take the hump boys, for instance, they are a good group, we had to make a very hard decision in the hump group. Mr. Blandford, am I not correct?

Mr. BLANDFORD. Yes, sir. You are also discriminating against all reservists retired under the reserve retirement act.

Mr. GAVIN. What was that again?

Mr. BLANDFORD. All reserves retired under the reserve retirement act will be discriminated against.

Mr. GUBSER. How long has it been possible to retire with the retirement payment for less than 30 years?

Mr. RIVERS. About 10 years.

Mr. BLANDFORD. The 20-year reserve retirement provision has been since 1948.

Mr. GUBSER. This is the point. We are going back to original tradition, 30 years retirement and we are allowing recomputation for just those. This is restoring a tradition that we broke in 1958 that you stayed in the service 30 years to retire.

Mr. HARDY. That didn't apply to the services generally in 1948.

Mr. GUBSER. Did it?

Mr. HARDY. No.

Mr. BLANDFORD. I was trying to answer I think two questions and I hope that I can clarify it. I stated that under the reserve retire-

ment act you need 20 years of satisfactory service in order to qualify for retirement under the reserve retirement act. This amendment that Mr. Gubser has written as I understand it, is to be confined exclusively to those who served 30 years on active duty or were retired for disability.

Mr. GAVIN. That is the Gubser amendment now.

Mr. BLANDFORD. Yes, this is the second amendment. We have no cost figures on it. But obviously what you would create, we might as well face it, is a tremendous amount of complaint from those who went out with 29 years, the man who failed of selection for the second time, or there are many cases that would come up, including the hump legislation, in which we provided by law that all persons would be out and be considered to have retired voluntarily, so you wouldn't be retiring them for disability or anything.

Mr. GUBSER. Give me 30 seconds more and then I am ready to have this put to a vote.

Mr. RIVERS. Mr. Gubser, you will have as much time as you want.

Mr. GUBSER. I might fail of election at the next Congress in which case my retirement benefit would be cut down at least 5 percent assuming I serve 2 years in the 89th Congress. This is a risk anybody takes who works for a living. It is unfortunate that a man failed of selection and couldn't complete his 30 years and had to retire involuntarily, so to speak, but this is one of the risks that everybody in business or in the business world assumes. Insofar as discrimination is concerned, admittedly we would create some discrimination, but we are accepting the fact that discrimination has to be a part of this bill. We are saying in effect that from now on people of equal service, of equal ability and equal merit are going to retire at different amounts. That is discrimination. So we have accepted discrimination and I think we are just lessening it with this bill. We certainly are not creating any more.

Mr. RIVERS. Mr. Gubser, have you finished?

Mr. GUBSER. Yes, I am through for the day.

Mr. HARDY. The thing that occurs to me on this, if we went to the floor with this, one of the first questions I think would be raised would be a question as to who would get the benefit of it. Now, I don't know what the figures are, but I would guess that percentagewise, the percentage of enlisted personnel who retire with 30 years service would be very, very small.

Now, I would guess, also, that the percentage of officers who would retire in the 30-year group would be very high in the O-6 and above and very low below that figure.

Mr. BLANDFORD. Yes, sir, much higher.

Mr. HARDY. Now, that being the case we could get to some of the most beautiful demagoguery that you ever heard.

Mr. GAVIN. You will, too.

Mr. HARDY. So I would not particularly want to see that occur, because the principal beneficiaries under that would be the O-6 and above.

Mr. RIVERS. I think everybody understands the question.

Mr. GAVIN. I don't quite understand it. Explain it briefly, will you Mr. Blandford, what we are voting on.

Mr. BLANDFORD. I don't know if I can do it briefly. What we are voting on here is the proposition that Mr. Gubser has suggested that those who retire with 30 years of active duty or more and those who retire for disability will be able to recompute from here on out under whatever the new pay scales are and everybody else will not.

Mr. GAVIN. Where do the Reserves come in?

Mr. BLANDFORD. Reserves rarely have 30 years of active duty.

Mr. GAVIN. They are not involved in this amendment?

Mr. BLANDFORD. No, Mr. Gubser has deliberately left them out on the theory this is not a career for them.

Mr. RIVERS. As many as favor the amendment of the gentleman from California, say aye.

Opposed, no.

It appears to the Chair that the noes have it.

The amendment is not agreed to.

Now, Mr. Bates, your technical question.

Mr. BLANDFORD. I would like to defer that.

Mr. BATES. He is going to try to work it out.

Mr. BLANDFORD. If you have confidence in me I will give you the language—

Mr. BATES. I have confidence in you.

Mr. GAVIN. Yes.

Mr. HARDY. Reasonable confidence.

Mr. BLANDFORD. Reasonable confidence is all I need.

Mr. GAVIN. You have earned and merit the high commendation of this committee for your excellent work.

Mr. BLANDFORD. Thank you.

Now, we come to page 18, line 7 of the committee print which repeals the authority for responsibility pay. This was recommended by the Department on the grounds that responsibility pay which is only applicable to officers and then in a limited number, has never been implemented. This was put in by the Senate and it was agreed to by the House in conference and it became law in 1958. It has been on the statute books for 5 years. It has never been implemented. The Marine Corps and the Army are opposed to it, the Navy and the Air Force think it could be implemented. The Department of Defense says let's eliminate it.

Mr. RIVERS. Without objection.

All right, go to the next section.

Mr. BLANDFORD. Unusual hardship. In view of the action you have taken on foreign duty pay, if you put this in, you will add \$30 million to the bill and you will be paying up to 15 or 25 percent of basic pay to both enlisted men and officers.

Mr. GAVIN. What page is that?

Mr. BLANDFORD. Page 18, line 15, special pay duty involving unusual hardship. In view of the action taken by the committee and because of the separation allowance which we have not yet come to, I recommend to the subcommittee that you delete this portion.

Mr. HARDY. Mr. Chairman, I think it ought to be deleted in view of the action we took.

Mr. RIVERS. I was just about to say that in view of our action it is not now needed as much as when your bill was introduced.

Mr. PAUL. Certainly to superimpose it on complete restoration of sea and foreign duty pay would make it difficult to administer this section.

Mr. GAVIN. How many cases would you have of unusual hardship? What do you think it would cost?

Mr. PAUL. We had estimated a cost of \$30 million. This would cover roughly 60,000 members of our Armed Forces.

Mr. GAVIN. What would you define as unusual hardship?

Mr. PAUL. We would define two degrees under our proposal. The first would allow a man, either an enlisted man or an officer, to draw 15 percent of his monthly base pay. That would cover the majority of the areas.

Now, an example of that could be certain duty in south Vietnam, for example.

Mr. GAVIN. What was that? I didn't get it.

Mr. PAUL. This first category could include certain types of duty in Korea or south Vietnam. The extreme hardship or the 25-percent differential, would include a very few, relatively few posts. Now, I would say one of the outstanding examples of extreme hardship would be duty in the Antarctic region, for example, McMurdo Sound. This would apply to people in the Navy or in the other services.

Mr. BATES. What is sea pay, 20 percent?

Mr. BLANDFORD. No, sir; \$22.50 maximum and \$8 minimum.

Mr. BATES. It was repealed—

Mr. PAUL. Officers are not included. For enlisted members it goes by grade from \$8 up to \$22.50 a month.

Mr. GAVIN. I don't know but what I would say that if it was handled with discretion this section ought to be retained. Is it 25 percent, Mr. Secretary?

Mr. PAUL. That would be the maximum, yes.

Mr. GAVIN. I sympathize with that situation. I don't know what the rest of the committee thinks, but a man that is involved in unusual hardship should be given greater consideration than the man who is not involved in unusual hardship.

Mr. BLANDFORD. Mr. Gavin, may I say that when we come to the family separation allowance there is a provision that has been suggested by the chairman which will cover many of these areas where a man is away from his family and will cover some of the situations that you have outlined.

Mr. GAVIN. What is your opinion on it, Mr. Secretary?

Mr. PAUL. We would not apply this pay, Mr. Gavin. I think I ought to make this clear for the record, in view of the action of the committee in restoring sea and foreign duty pay, that if this provision were to go in, we would suggest to the committee that language be included which would prevent a man from drawing both sea and foreign duty pay and unusual hardship pay.

Mr. RIVERS. That is not mandatory.

Mr. PAUL. No, sir. In no case would this unusual hardship pay be as low as \$22.50. It would always be more than that, so we would not think that a man should draw both that and sea and foreign duty pay.

Mr. RIVERS. In view of the action of the committee on the other section, as many as favor striking this from the bill say "Aye."

Opposed, "No."

It appears to the Chair the ayes have it.

Mr. BLANDFORD. Career incentive payments on page 19, Mr. Chairman. This is the career incentive payment which permits the phasing out of the present reenlistment bonus and permits the payment of a minimum of \$500 and a maximum of \$2,400 as a single lump-sum payment to an individual who reenlists. We had, of course, considerable discussion on this question of whether we want these career incentive payments to go and who should get them. I would like to make this suggestion to the subcommittee, if I may, Mr. Chairman: This is an extremely complicated provision. You heard varying views from each one of the deputy chiefs of staff for personnel. I think that this provision is worthy of introduction as a separate bill and consideration as a separate bill rather than attempt to work this out in this bill or we could be here for another week or 10 days just on this provision alone.

Mr. RIVERS. Mr. Secretary, we realize that this is an area that needs attention. We have already introduced one bill as a result of one of the sections in this.

We want to and so does Mr. Vinson, wants this bill to adhere as much to a pay bill as possible and a retention bill as possible, and any of the sections—this is quite an all-embracing bill—and any sections that we can handle and treat in another subject matter, that is what Mr. Vinson wants, Mr. Blandford?

Mr. BLANDFORD. Yes, sir.

Mr. RIVERS. So it does not make any difference to you really if this can be treated in another bill.

Mr. STRATFORD. Mr. Chairman, this is the major retention feature, is it not?

Secretary PAUL. I would like to say, Mr. Chairman, I appreciate the desires of the committee and the desires of Chairman Vinson to simplify this bill as much as possible. It certainly does have a lot of varied sections in it. But I would like to say, Mr. Chairman, that we do feel very strongly that the concept of a career incentive payment is most important for the armed services.

Perhaps we have not come up with the ideal formulation here, but we feel that the fact of the matter is today, that under the present reenlistment bonus system the services have in some skills retained many more people than they need to retain, more than they, themselves, estimate they would want to retain; whereas in other skills they are retaining considerably less.

That is the whole purpose of this provision and, Mr. Chairman, we do feel very strongly that this provision ought to remain.

Mr. BATES. I can see the reason you feel strongly about it. But on the other hand many of the provisions of previous bills have not been implemented.

Mr. RIVERS. That is right.

Mr. BATES. It would seem to me that bringing this thing into proper perspective, it all should be considered together and I certainly would not be adverse, providing the chairman assures us that we are going to go ahead and take it up at a later date because frankly I am not satisfied with what we have already done, with legislation that would include them for this specific purpose.

Mr. GAVIN. What do you mean by taking it up at a later date?

Mr. RIVERS. Mr. Blandford?

Mr. BLANDFORD. As a matter of fact, that is exactly what I hope the committee will do. I think it will take quite a bit of time and I think from the testimony you heard that the military departments have varying views on this, and we know that they have not implemented proficiency pay.

We may want to modify the proficiency pay system, we may want to knock off, as Mr. Hardy suggested, a reenlistment bonus after the second reenlistment.

But I strongly suggest if we are going to get a pay bill out during this session of Congress that we pass the pay bill and take this up as soon as we can with a separate bill because I think it is worthy of full consideration.

I think there is a great deal of merit in the Department's position.

I think, however, there has not been enough coordination frankly of the views of the other departments on this provision and I think this committee is entitled to the views of all of the services and I think also we ought to have a much better understanding on what they intend to do with proficiency pay.

Mr. HARDY. I think that is the important thing to me.

Mr. RIVERS. It is, very important.

Mr. HARDY. There does not seem to be agreement on it and certainly the effort to implement it has been negligible. Maybe it is not a good thing. I don't know. I notice there is some opposition to it. But I think it is something that we need a lot more discussion on than we have had now in order to be able to include this language in this bill.

Mr. RIVERS. We are not sure that the other body is going to accept a lot of things we put in here. I personally want to stick as close as I can to a pay bill.

Mr. HARDY. Mr. Chairman, I move this section be deleted with the view toward its being considered as separate legislation.

Mr. RIVERS. Separate legislation?

Mr. GAVIN. Well, I don't know. In my thinking, I think it is an incentive for a man to get this incentive pay on reenlistment and I would like to have the opinion of the colonel on this matter.

What do you think, Colonel?

Mr. RIVERS. Would you rather talk when the Secretary is not here?

Mr. GAVIN. He has been around a long time and no doubt he will be here with us for many more years.

Colonel BENADE. I appreciate your kind comment.

Mr. GAVIN. I have been confident——

Mr. RIVERS. You notice he did not call any other branch of the service——

Colonel BENADE. I appreciate that.

I believe Mr. Gavin, as the Secretary, Mr. Paul, has already said, it is a very important part of the bill. I would like to emphasize once more the principal basis upon which this was put into the bill.

It is true that the implementation of proficiency pay has not been to the extent of the authority that existing law provides.

Mr. GAVIN. It has not been used to the extent it should be used.

Colonel BENADE. That is correct, sir. But on the other hand, I think it is important to remember that these two systems are considered to be complementary—not one in place of the other.

This particular provision takes into account a fact of life that we all know, and that is the tendency of the young man to place a greater value on cash in hand than the possibility of getting monthly payments spread over a long period of time in the future.

This section is designed to recognize that particular incentive or pulling power.

Proficiency pay is intended, and I think it was the concept of this committee, as a long-term retention feature.

My own personal opinion, Mr. Gavin, is that this is an important provision of the bill which should be retained.

Mr. GAVIN. Thank you, Colonel.

I hope that my very good and able colleague will possibly change his—

Mr. RIVERS. You have heard the motion of the gentleman from Virginia, Mr. Hardy. As many as favor the motion of Mr. Hardy that this will be deleted and be taken up in separate legislation so that the benefit of the views of the other services may be had, will say "Aye"; opposed "No."

The Chair is in doubt.

As many as favor Mr. Hardy's motion will signify by raising his hand.

Mr. GAVIN. Mr. Hardy's motion is to delete it. I have been arguing that it is an incentive for reenlistment, and that is what we are trying to do with this whole structure.

Mr. RIVERS. This does not delete it without having separate legislation.

Mr. GAVIN. It is coming later, but in the meantime the morale of the troops may be affected.

And that should be considered.

Mr. RIVERS. Everything is considered.

Mr. GAVIN. As you pointed out a minute ago, Mr. Vinson wants a bill to come out here that is going to receive favorable consideration.

Mr. RIVERS. As many as favor Mr. Hardy's motion will raise his hand—one, two, three, four, five, six.

Opposed also raise his hand—one, two, three, four.

Mr. BLANDFORD. Four—it is out.

Mr. RIVERS. Mr. Hardy's motion is agreed to.

Mr. Blandford, you will prepare a bill; Mr. Secretary, the bill will be prepared with your cooperation and the Department and it will come up as soon as it is convenient, so this may not have as much time lapse as Mr. Gavin is afraid of.

Mr. BLANDFORD. Mr. Gavin's point is that it is a career incentive payment. There is no doubt about it. But the testimony indicates there are many conflicting points on it—

Mr. RIVERS. Well, we will do a better job.

Mr. BLANDFORD. Page 24.

Mr. GAVIN. When that word gets out to the various branches of the service I think you—

Mr. BLANDFORD. We have not taken away the reenlistment bonus; it is still in effect; the law is still going on day after day after day. You have not taken a thing away.

Mr. GAVIN. Not a thing.

Mr. BLANDFORD. Not a thing.

Mr. GAVIN. And now we are going to reconsider the matter and bring it out in another bill so that everybody has an opportunity to express themselves.

Mr. BLANDFORD. That is exactly right.

Mr. RIVERS. The next section is on page 24.

Mr. BLANDFORD. Special duty pay—hostile fire.

Mr. BENNETT. On this hostile fire thing, I make a motion.

I move that we approve the Department's language, except I would like to see subsection (4) at line 17, page 24, deleted because I think that is against public policy to have combat pay for people that are captured.

That is my motion. I would like to discuss it if I may.

I won't discuss it at length.

Mr. RIVERS. You have the floor.

Mr. BENNETT. I hate to be personal about this, and I am not trying to wave any flag at all, but I was an infantry enlisted man and an infantry officer and I was in combat for a considerable length of time.

And I feel that combat pay is thoroughly justified.

As a matter of fact, I think it puts into insignificance every other type of pay in this bill.

These are the people who get only the veterans benefits that come to people who have 90-day service and never go overseas.

We have a multi-billion-dollar program which is based upon this frontline soldier. Only a few actually have this frontline combat service. They have this service.

As a result of this we have retirement benefits, which is even extended to the U.S. Public Health Service people.

It extends to people who never leave the confines of the United States. We have all these benefits of veterans pensions and all these intricate things which are very liberal and very fine and I am not trying to destroy any of them, but everyone of them is based on a small number of people who actually fight in the front lines.

And the time is long overdue to pay them something.

Now I am not a man who says that \$55 is any magical sum, I don't think it ought to be less than it was in World War II, which was \$10 because I think that is a reasonable token but to delete it as we seem to be on our way to doing is to me very unconscionable.

Now the argument is made that a man who is in the service is supposed to fight and therefore he is not entitled to any money for fighting.

Well, of course he is supposed to fight, so are pilots supposed to fly, so are demolition men supposed to take care of demolitions or take care of mines.

All of these people are supposed to be doing those things, but all the great benefits which come, these 20 year retirement, all these generous veterans programs, all of them are based on this particular guy fighting on the front line.

To say he is not going to get any recognition at all is just to me the most unconscionable thing I can think of.

So I have made a simple motion which says that we ought to accept what the Department has recommended.

I would like to delete section 4 because I think it is against public policy to pay combat pay to people when they are captured.

Mr. GAVIN. Section 4.

Mr. BENNETT. Line 17, page 24.

I would like to eliminate that particular portion.

I will end my remarks by saying I do seriously hope that you will allow this to stay in.

I would not fight about the amount of it, but I just think the principle of it should be maintained and I would just be very, very disappointed in this committee and the Congress if we don't leave this in.

Mr. RIVERS. Mr. Secretary, is this the reason you put it in?

Secretary PAUL. I think Mr. Bennett has expressed it much more eloquently than we could have.

Mr. GAVIN. I want to concur with the gentleman that the combat troops go through the filth, and heat and misery and mud of warfare, who are really in combat are deserving of our very serious considerations and I agree with what you say.

Mr. HARDY. Mr. Secretary, since Mr. Bennett raised the question of the amount involved, how did you arrive at the figure of \$55?

Secretary PAUL. It is equal to the smallest amount that is presently paid for hazard duty.

It has no other art than that. We wanted to pick a reasonable figure but not an excessive figure and we simply took the smallest amount that is currently paid for hazardous duty.

Mr. BENNETT. The figure is agreeable with me, but I am saying I would rather compromise it down than throw it out entirely.

Mr. RIVERS. I would be very vain if I even presumed that the committee would take every suggestion I have made.

I want the committee to write this bill. If you want to restore what we have suggested be stricken, certainly I will have no complaint about it.

I want that perfectly understood.

Mr. Bates?

Mr. BATES. Mr. Secretary, has there ever been any provision of law which would reimburse an individual under such circumstances as included in this amendment?

Secretary PAUL. Yes, sir. The only previous one I know of—there may have been others—of course there were special provisions in World War II. But the most recent one was the Korean combat pay legislation.

Mr. BATES. I am not familiar with that. What was it in World War II?

Mr. BENNETT. It was just \$10.

Secretary PAUL. It was an infantry award.

Mr. BATES. This is a very broad thing now.

Colonel BENADE. We did not have in World War II—that is a common misconception—there was no combat pay equivalent to this in World War II.

Mr. BATES. I never heard of it.

Colonel BENADE. No, sir, there was not. There was an award of \$10 for a combat infantryman's badge.

Mr. BATES. Badge.

Colonel BENADE. Yes, sir. But this is an entirely different thing.

Mr. BENNETT. That was earned by being in combat and remaining in combat? That is how you got it, the combat infantry badge came to infantry soldiers who were in combat under fire and remained in that condition; when they didn't remain in that condition it was taken away from them?

Colonel BENADE. They received it—my impression is that it went to others not necessarily engaged in combat.

Mr. BENNETT. I think you are 100 percent wrong on that.

Colonel BENADE. I may be wrong.

Mr. RIVERS. Mr. Bennett, do you have a motion?

Mr. BENNETT. Yes, sir—

Mr. BATES. Mr. Chairman, I have the floor. If somebody would like to have it, that is all right.

Mr. RIVERS. I thought you had finished.

Mr. BATES. Only because I try to be kind. I must be more firm.

Colonel BENADE. In Korea, after action had started, the Congress enacted what was known as the Korean combat pay bill. It is still on the books today but is inoperative because it is delimited to Korea. And it was made retroactive to the start of hostilities in Korea. I would point out this provision is not retroactive, and is only prospective in its operation.

Mr. BATES. Is this language similar to that in the Korean bill?

Colonel BENADE. Not quite. The Korean combat pay bill spelled out in detail the conditions under which it would be paid. This is much broader in language, and vests discretionary authority in the Secretary of Defense.

Mr. BATES. That is what I wanted to get to, because I don't understand what it means here, "subject to hostile fire."

Colonel BENADE. Yes, sir.

Mr. BATES. In Korea, today, is that being subject to hostile fire?

Colonel BENADE. No, sir; they are not being subjected to hostile fire.

Mr. BATES. They might be.

Colonel BENADE. They might be. And the Secretary of Defense could then declare this to be an area that would qualify. But no area would qualify automatically under this language.

Mr. BATES. Tell us exactly under what circumstances people would get this. There has to be shooting, or only the possibility of shooting, or what?

Colonel BENADE. I would like to use an example, if I may. Visualize the situation in southeast Asia and look at how different that is today from the situation in Korea. When you have a clearly marked line of demarcation between opposing forces and exchange of fire, you can spell out in detail as was done in the Korea combat pay bill. Today in southeast Asia—and I have in mind service members that are assisting the Government of South Vietnam—we can send a patrol into the jungle. They may spend some weeks in the jungle, but may never actually have a shot fired at them. The important thing is they don't know that in advance. For all they know a bullet may come flying out from anywhere.

Mr. BATES. I understand that.

Colonel BENADE. They are under that kind of tension. That is why if we specify they had to be under fire we would be limiting it too much.

Mr. BATES. I didn't say that. Does the language of this bill cover that possibility you referred to?

Colonel BENADE. Yes, sir.

Mr. BATES. It does. How about people in Berlin, with all the shooting that is going on around there; say one of our people in Berlin should get shot, what is the situation there?

Colonel BENADE. Under this, the Secretary of Defense could consider the situation, and if he felt they were being subjected to the dangers set forth in section 312, he could declare it to be such an area. He would have to be satisfied that the conditions are such that it should be made applicable.

Mr. BATES. So you haven't really set this up in your own mind exactly what this means?

Colonel BENADE. No, sir, I think we have, very much so.

Mr. BATES. Have you already got this spelled out so that you know what areas will be included now?

Colonel BENADE. No, sir.

Mr. BATES. Well, then, you haven't done it?

Colonel BENADE. No, sir, because this is intended to be, Mr. Bates, a continuing type of—

Mr. RIVERS. Prospective.

Mr. BATES. I understand. But as of the present situation you had certain things in mind when you wrote this bill.

Colonel BENADE. Southeast Asia, I think, is the only place that could qualify at present.

Mr. GAVIN. What did you say?

Colonel BENADE. I believe that only southeast Asia, the situation in South Vietnam, would qualify under this.

Secretary PAUL. And only parts of that.

Mr. HUDDLESTON. Wouldn't this provision apply to domestic situations too?

Colonel BENADE. No.

Mr. HUDDLESTON. There is no intention?

Mr. HARDY. It could.

Mr. RIVERS. What about if some of your soldiers get hurt in Mississippi?

Mr. HARDY. It could apply if the Secretary of Defense so determined, and I wouldn't be a bit surprised if under some circumstances if he came under the influence of the Attorney General he might so rule.

Mr. RIVERS. He certainly would.

Secretary PAUL. We did not intend that.

Mr. HARDY. I don't think you did either.

Mr. HUDDLESTON. There is no language that indicates that you didn't intend it or that would prevent it from being applied domestically.

Colonel BENADE. I think the expression "hostile fire"—I think anytime you are being fired on it is hard to say it isn't hostile. But certainly it is the intention, and if we have failed to express that

clearly, we would want to improve the language to make more clear what was intended.

It is not intended to cover domestic disturbances.

Mr. HARDY. The one thing that bothers me about this, frankly, if we are going to do this, and there may have been justification for combat pay, but if we are going to do this I would like to see more definite guidelines to control the Secretary's regulations, rather than let him make the determination.

Mr. GUBSER. Mr. Paul, what was the reason for putting section 4 in there which Mr. Bennett objects to, and is it true that it is not public policy to make the determination that being a prisoner is being in combat?

Secretary PAUL. I believe the Korean combat legislation which is still on the books contains this feature in it. We would have no objection to its deletion. I can't, myself, state what public policy is at the moment on the point raised by Mr. Bennett.

Mr. HARDY. Who can?

Mr. BENNETT. Let me say this, we can correct this matter this way: We can make a matter of the hearing at this point that it is not the intention of Congress to include domestic difficulties in there, and that takes care of it perfectly, there is no problem about that. I think we should proceed to —

Mr. HARDY. I would doubt very much that anything that we say here would control the manner in which —

Mr. BENNETT. We have done it on every other section of the bill, and I see no reason to make an exception on this.

Mr. GUBSER. I want an answer to my question.

Secretary PAUL. If I haven't answered it —

Mr. RIVERS. Mr. Bates, you still have the floor.

Mr. BATES. I will yield to Charley.

Mr. GUBSER. What was the reason, Mr. Paul, for putting section 4 in there?

Secretary PAUL. Because it follows the precedent of the previous combat pay legislation.

Mr. GUBSER. And prisoners of war in the Korean conflict were considered as under combat, right?

Colonel BENADE. Yes, sir.

Secretary PAUL. Yes, sir, they were.

Mr. GUBSER. Could Mr. Bennett be correct in considering that they are not in combat if they are prisoners of war?

Mr. GAVIN. They certainly must have been —

Mr. GUBSER. I ask Mr. Bennett.

Mr. GAVIN. This is a war in which they are fighting, they couldn't have been captured, they were prisoners of war, under hostile fire, no doubt in combat when they were taken over or captured.

Mr. BENNETT. I am not fighting on section 4. If you want to leave it in, it has been in the previous law, and I guess has not been abused. However, I may say to you that we had more trouble about captures in the Korean war, where this thing was involved, than we ever had before. And I think it is against public policy to give a remuneration for a thing of this type. Now, I think there are precedents for this in other matters, and I am not going to quibble about it. It doesn't make very much difference to me because I presume they could

weed out those defecting. But I see no reason for having it in. If you want to fight about this, that is all right. Section 4 is not important to me. But I want to make one point before I stop—

Mr. BATES. I yield for one further statement.

Mr. BENNETT. And that is that this is not a matter which is conjectural, subject to lots of fuzzy thought and that sort of thing. It shouldn't be indicated that it was, because it was handled very well in World War II; I never heard a word of complaint about it. It was handled very well in the Korean war, and they have had the experience of study this in the interim years in the Department, and you can throw all kind of smokescreens around it you want to, but this is not nearly as fuzzy as other sections of the bill which we have had no problem about accepting, including the one about double payment which we just had today which, in my opinion, is much more fuzzy than this thing is that we are dealing with today.

Mr. BATES. I am going to yield to Mr. Huddleston and then yield the floor.

Mr. HUDDLESTON. We have had similar types of provisions in World War II and Korean war, but this is the first time we have been asked to enact sweeping legislation dealing with combat pay or payments for being subject to hostile fire. This has no limitation on geographic location or time or the conditions under which the hostile fire or combat occurs. In the past it has always been a specific limitation. Korea, World War II, and so on, but this is the first time, is it not, that we have had this broad type of request?

Secretary PAUL. Yes, sir, it is.

Mr. BATES. I said I was going to yield the floor, and I am about to do it, but I wonder whether, before we finish the discussion on this bill, we can be advised by the counsel as to what particular provisions of the bill are not budgeted, because if there are certain sections of this bill that are not budgeted I think we ought to know this before we finish.

Mr. BLANDFORD. I can give you that answer very quickly, Mr. Bates; that there is no money in the budget for hostile fire. I don't know whether that means there won't be any regulations or nobody is going to get shot at in fiscal 1964 and there is no money in for readjustment payments for enlisted members who are not reenlisted.

Mr. BATES. That puts us in a strange position, doesn't it?

Mr. GAVIN. Not necessarily. I don't see any reason why in any supplemental appropriation bill it can't be included. I know you haven't yielded to me, but I am just expressing my opinion.

Mr. BATES. Do you want to comment on Mr. Gavin's remarks? Why are you asking for this legislation when at the same time, you are not asking for it in terms of funds?

Secretary PAUL. We have not estimated the number of people who might to be in this situation in any given year.

Mr. BATES. How are you going to pay them if you don't have the money? What is it coming out of?

Secretary PAUL. I am not a budgetary expert, but I believe we would find the money or ask the Congress for money if the occasion warranted. We have always been able to do so in the past.

Mr. BATES. Does anybody else want to comment? Any experts here on budgeting?

Colonel BENADE. That is how it would be done.

Mr. BATES. Let's take July 1st of this coming fiscal year. A fellow is in combat in Vietnam; you decide you want to pay him. Are you going to go ahead and pay him or wait until you get a supplemental bill before the Congress?

Secretary PAUL. Subject to correction, I believe there are elements of our appropriations, I can't identify them for you right now, that would permit at least in the interim, going ahead with this pending the time we can get the money from the Congress.

Mr. BATES. I wonder if you would show precisely in the record the places where it is not budgeted where you get the money to put it into effect, because oftentimes we have that issue on that floor.

Is it budgeted? No. What are you doing recommending this thing when they didn't even ask the money for it? Now, in authorizations, when they don't intend to ask for the money that year, we don't buy it. When you are serious about it, you put it in the budget and you ask for authorization, and we give it.

Mr. RIVERS. Check that as far as you could.

Secretary PAUL. Yes.

SPECIAL PAY: DUTY SUBJECT TO HOSTILE FIRE (SEC. 13, H.R. 7006)

As special pay for duty subject to hostile fire would be an item of pay and allowances, current appropriations covering pay and allowances would be available for such special pay, to be followed by a request for a supplemental appropriation unless the additional cost can be absorbed by reducing other pay and allowance program items.

Mr. STRATTON. May I have the floor?

Mr. RIVERS. Yes.

Mr. BATES. I am done, I have yielded.

Mr. STRATTON. I would like to try to clear up something which seems to be in confusion with regard to the merits of this point. Mr. Bennett refers to the fact that we had this in World War II. The fact of the matter is, as the colonel indicated, we didn't have it in World War II, we didn't have a pay provision to pay people under enemy fire.

Mr. BENNETT. Well, we did.

Mr. STRATTON. We had a combat infantryman's badge that went to combat infantry, but there were some of us who were——

Mr. BENNETT. This is broader than that, but they did have pay of this nature.

Mr. STRATTON. But you didn't pay somebody for being shot at.

Mr. BENNETT. I beg to differ. That was the criterion.

Mr. STRATTON. There were a lot of boys in the Navy that got shot at.

Mr. GAVIN. Certainly.

Mr. BENNETT. Certainly.

Mr. BLANDFORD. May I add the Marine Corps to that.

Mr. STRATTON. The Commandant of the Marine Corps testified that he was strongly opposed to this, that he didn't think we ought to pay people for being under hostile fire. He said, that is the only purpose for which we have military forces. Now if I understand this correctly, and I think this is in the mind of the Department, but it has gone unsaid here throughout these whole proceedings, what we are really trying to do, it seems to me, is to provide a special payment for people who are under enemy fire during a time of so-called peace.

We have been in so-called peace in Korea; we are in so-called peace in Vietnam; we are in so-called peace at the Berlin wall, and yet, as a practical matter, these people are getting shot at.

And the whole purpose of the combat pay bill in the Korean war, if I understand it correctly, Mr. Secretary, was to try to provide something to compensate for combat conditions while we continued, technically, to remain at peace. The same thing is true today.

If we understand it this way, then it seems to me we ought to put it in the bill and if we were in an actual war situation, we would then eliminate it, it seems to me. And, secondly, this begins to make the paragraph No. 4, to which Mr. Bennett takes exception, make sense. Sure, we don't pay a fellow combat hostile pay in wartime when he is captured, but if he is in a peacetime situation and he goes to Vietnam and he gets captured, he is a lot tougher off, harder off, than the fellow in Wiesbaden, or somewhere else.

It seems to me this is the real rationale behind this section, but you haven't brought it in. Now, am I correct, Mr. Secretary?

Secretary PAUL. Yes, sir. We have taken into account today's conditions which are technically peace conditions, but people are being fired at. If an open conflict were to break out in any part of the world, I think we would certainly ask the Congress, and I am sure they would want to review the whole matter, to determine whether, in effect, a wartime situation existed at that time.

In other words, we have in mind the fact that there is only a small fraction of our total armed strength, who at the present time, are subject to this kind of hazard and risk.

This is not an incentive, because these members go where they are assigned. It is a recognition pay for the special situation in which they find themselves.

Mr. HUDDLESTON. If Mr. Stratton will yield, I think the point he has made is an unusually good one, and I think his thinking combined with Mr. Bennett's, makes some sense, but I believe if you are going to try to do this, you ought to try to find language.

Mr. RIVERS. Let's take a little recess and maybe we can work that out this afternoon.

Mr. GAVIN. Why not finish this particular item and vote on it, so we won't have to pick it up again.

Mr. RIVERS. I think the language should be improved.

Mr. BLANDFORD. Mr. Chairman, I could suggest this possible language, I don't know whether Mr. Bennett would agree with me, I think you could start off this section, by saying, except in time of war or national emergency hereafter declared by the Congress or the President.

Now this, at least, puts you in the position of not having this applicable in war or in a national emergency situation where the President declares an emergency where you would have large forces committed.

Mr. HARDY. I will buy that.

Mr. BLANDFORD. That is what I think Mr. Stratton is saying and what you are saying, Mr. Bennett, that we have a situation which has been going on and may go on for many years, in which people are going to get shot at. A very small number, perhaps.

On the other hand, when we turn out a full mobilization, people are being assigned and practically everybody may be subject to hostile

fire; then it becomes something that everybody has to accept and there shouldn't be any special pay attached to it.

Mr. BENNETT. May I address that? For the purpose of being Henry Clay and getting things done, I might agree to this, particularly since the Department has let me down on an answer to Mr. Stratton's questions. But it certainly is not my feeling that this is a peacetime hostile fire bill as far as I am concerned.

I am more interested in it in time of war than I am in peacetime and I would be more interested in the idea of this exception if you were going to make exceptions for pilot pay and all this other kind of weird and bizarre pays, which are very lovely and very fine, but they are not the foundation upon which all the veterans' benefits and everything else is predicated in our Government.

So I don't want any compromise I might have to indicate I would favor this, because I certainly don't. I am more enthusiastic about having it in time of war than so-called peacetime.

Mr. BLANDFORD. May I read the law to you in connection with flight pay?

In time of war, the President may suspend the payment of incentive pay for any hazardous duty described in subsection (a) of this section.

Mr. BENNETT. Then you don't have to have an amendment on this?

Mr. BLANDFORD. No, this is an additional special pay. What I am saying is that flight pay can be suspended in time of war.

Mr. BENNETT. It can be, but was it?

Mr. BLANDFORD. No.

Mr. BENNETT. But you are going to write in the idea that this is a peacetime pay. For the purpose of getting this passed, I might go along with that point, but I am—

Mr. HARDY. What you do is just raise everybody's pay by that amount and then you would have it covered.

Mr. BENNETT. Not everybody, that is one of the grave errors that a lot of people make. They seem to think that everybody who is an infantry soldier is involved in this; it is not true at all. They are only a very small portion of the public involved in this.

Mr. HARDY. Charlie—

Mr. BENNETT. Just a second. That is one of my pet peeves about the way in which our veterans legislation and all other legislation is drafted. We give tremendous benefits to people that may have been even better off for the 90 days they had in the service and then we take this small portion of people who imperil their safety and future and whole life in a difficult situation, just a small number of people, and when they do that, we say, "You are at war; that is what you are supposed to be paid for. You are at war; therefore, you get this magnificent salary you get as a private and a corporal." That is very noble. If General Shoup wants to take that position, he can take that position. That is a very noble position. I am not condemning him. He is a wonderful man. But we are occupying a position different from that. We ought to represent the soul of America, and that soul of America ought to be interested in the soldiers winning the wars and endangering their lives in times of war. This is not peacetime hostile fire, as far as I am concerned. If it takes that to pass this for this current time, I would be in favor of it, but I am not saying

and I am not implying that this is a peacetime thing as far as I am concerned.

Mr. HARDY. When they start shooting theses missiles over from Cuba, everybody is going to be under hostile fire.

Mr. STRATTON. May I make one comment on what Mr. Blandford said. My recollection is we had a national emergency declared during the Korean war.

Mr. BLANDFORD. Not by the Congress. The President declared it, but we didn't, no. We never have declared one, except during the War Between the States.

Mr. BENNETT. Let's vote one way or the other.

Mr. RIVERS. Mr. Bennett moves that section 13—

Mr. BENNETT. Let me read my amendment first. The amendment was that section 13 shall be retained with the exception of subsection 4 of section A, which would be deleted.

Mr. BLANDFORD. And all references thereto.

Mr. RIVERS. As many as favor the motion by the gentleman from Florida—

Mr. HARDY. Wait a minute.

Mr. STRATTON. I am going to offer an amendment to the motion by Mr. Bennett.

Mr. RIVERS. Do you offer an amendment at this point?

Mr. STRATTON. I will have to offer it to get it in.

Mr. RIVERS. All right. You have the floor.

Mr. STRATTON. To amend the section by inserting—I think it would have to come—

Mr. BATES. I move we adjourn.

Mr. STRATTON. I think it would have to come before (a)—

Mr. RIVERS. This thing is all mixed up. Let's recess until 2 o'clock. We will come back at 2 o'clock.

(Whereupon, at 12:13 p.m., the subcommittee recessed to reconvene at 2 p.m. of the same day.)

AFTERNOON SESSION

(The subcommittee reconvened at 2 p.m.)

Mr. RIVERS. Let the committee come to order.

Mr. Stratton, you have an amendment to Mr. Bennett's amendment.

Mr. STRATTON. That is right. My amendment would go in on page 24, line 2, immediately after the amount, in parentheses, and would insert the wording "except in time of war declared by Congress, under" and the remainder of it to read as it does in the text.

Mr. RIVERS. Did anybody say something about an emergency?

Mr. STRATTON. That was the counsel's proposal. But I think my amendment is just to delete it as far as war is concerned. I am afraid we will get into a situation where we will be declaring emergencies in this cold war situation that aren't really the same thing as war.

Mr. BLANDFORD. What is a state of war? That is the only problem I would have.

Mr. STRATTON. That is at least provided for by the Constitution. So if we don't know what that is we are in real trouble.

Mr. BENNETT. What would you think about using the language that he read about other things, like pilot pay? Why single out com-

bat pay and make it the most unattractive? The way you have it written—give me a fighting chance at least like they have for the pilot pay and other kinds of pay.

Mr. RIVERS. How would it read now?

Mr. BLANDFORD. I don't have Mr. Stratton's language.

Mr. STRATTON. "* * * except in time of war declared by Congress," then read the rest of the section.

Mr. RIVERS. All right, now read it.

That is on page 24?

Mr. STRATTON. Page 24, line 2.

Mr. RIVERS. "Except in time of war declared by Congress."

Mr. BLANDFORD. I think you mean then "and except as otherwise provided in this section."

Mr. STRATTON. Well, maybe I don't quite get the point here.

Mr. BLANDFORD. Let me see if I understand, Mr. Stratton, what this is, "except in time of war declared by Congress, except as otherwise provided in this section."

You don't have any other provision in there to "except in time of war." I think what you may mean is except in time of war declared by Congress and except as otherwise provided in this section. That is the only point I am making.

Mr. STRATTON. I don't quite get the purpose of excepting. What are the exceptions now that you feel should be eliminated?

Mr. BLANDFORD. I am not suggesting anything be eliminated.

Mr. STRATTON. This is Mr. Bennett's idea, is that right?

Mr. BLANDFORD. As I understand it, what your amendment is on line 2 of page 28 of the committee print—

Mr. RIVERS. Page 28?

Mr. BATES. 28 or 24?

Mr. STRATTON. 24, line 2.

Mr. BLANDFORD. If I get on the right page that will help me. I am sorry. I have it now.

Mr. BENNETT. May I speak briefly in opposition?

Mr. BATES. Let's find out what it is first.

Mr. BLANDFORD. It would read—

except in time of war declared by Congress, under regulations prescribed by the Secretary of Defense, a member of a uniformed service may be paid special pay at the rate of \$55 a month for any month in which he was entitled to basic pay and in which he * * *

Now this covers only a war declared by Congress, of course.

Mr. BENNETT. I would like to speak briefly in opposition. This is better than nothing, of course. But the opposition I would like to express to it is, I would like to repeat without saying the words again everything I said this morning and point out the fact that there are other kinds of pay which are essentially belligerent pay or danger pay, and none of those types of pay do we have that the thing is going to end in time of war.

We allow the Department of Defense to bring it to an end in time of war. But here he is saying this kind of pay is some pay that got in by the back door. Instead of being primary pay, it is the "last resort" type of pay and the most undistinguished kind of pay you've got to give, it has to come to an end. In the others it just allows it to come

to the end at the time of war, and in the others they don't come to an end at the time of war.

Mr. STRATTON. Will the gentleman yield?

Mr. RIVERS. In time of war you can be fired on in a helicopter or any such thing as that.

Mr. BENNETT. I have no objection to tightening up the language, if anybody wants to—I haven't any objection to making it more compact if you want to do that, but that is not what he is doing. He is saying if you have a war declared this benefit comes to an end.

Mr. RIVERS. Then the Congress will take over.

Mr. STRATTON. Will the gentleman yield?

Mr. BENNETT. Yes.

Mr. STRATTON. Aren't you referring to flight pay?

Mr. BENNETT. Yes.

Mr. STRATTON. That is pay not for combat, that is pay for hazardous duty, which has no relation to whether you are under fire or not.

Mr. BENNETT. You mean to say you don't think it is hazardous duty to be under fire?

Mr. STRATTON. I am not saying that. This is the only provision I know of where special pay is being given to people for being under enemy fire.

Mr. BENNETT. Of course, that is what it is.

Mr. STRATTON. All right. The thing you are talking about is hazardous duty which has nothing to do with whether an enemy is around.

Mr. BENNETT. Yes; there is a difference, but it is all in favor of the combat pay for hostile fire. There is a difference, but the difference ought to be that this ought to be a select or distinguished type of pay as distinguished from that other. In other words, it is the type of thing that ought to touch your heart more and you ought to be more anxious to give it than this other kind of pay.

Mr. STRATTON. I agree with you there, except that in time of war we are all subject to it, and therefore it would be almost administratively impossible to carry it out.

Mr. BENNETT. Now, I believe that is one of the major errors this committee is doing in thinking about this bill and this provision, because it isn't true that we are all subject to this fire. It isn't true at all. The number of people who are actually in combat in the sense this thing provides for is a relatively small number; it is a very, very small percentage.

Just take the percentages in the Korean war and World War II, this is not a thing you have to guess about. It is very small and it can be made smaller.

If you want to make it smaller by saying a man has to be shot at every day, you can do that, but to say that you are going to eliminate the pay in time of war when you don't eliminate these other kind of hazard pays in time of war, I just think doesn't make any sense at all.

But of course I asked for only a few minutes, I said my piece. I don't think I can express it any better.

Mr. OSMERS. Mr. Chairman, I want to ask a question.

At the present time, what happens to a man serving in Vietnam? I think I know the answer. What is his pay situation?

Mr. BLANDFORD. With the exception of oversea pay he draws the same pay as if he were in San Francisco.

Mr. OSMERS. Right. And if this amendment is adopted he would receive additional pay, is that correct?

Mr. RIVERS. Under regulations prescribed by the Secretary.

Mr. BLANDFORD. He might.

Mr. BENNETT. He might.

Mr. RIVERS. He might.

I think we understand it. We certainly have had enough discussion on it. The question now is on the amendment of the gentleman from Florida, Mr. Bennett—

Mr. BENNETT. No; the first one is Mr. Stratton's amendment. I hope we will have a separate vote on it.

Mr. RIVERS. The amendment by the gentleman from New York, Mr. Stratton, to the amendment of the gentleman from Florida, Mr. Bennett, which provides that—read it, Mr. Blandford.

Mr. BLANDFORD. Mr. Stratton amends Mr. Bennett's amendment by inserting the words "except in time of war declared by Congress."

Mr. RIVERS. As many in favor of the amendment of the gentleman from New York to the amendment of the gentleman from Florida, will say "Aye."

Opposed, "No."

The Chair is in doubt.

Mr. GAVIN. You had better read it again so our colleague can understand what he is voting on.

Mr. BLANDFORD. The amendment is Mr. Stratton's amendment to limit hostile fire—or to eliminate the payment of hostile fire in time of war declared by Congress.

The amendment suggested by Mr. Stratton is to amend Mr. Bennett's proposal by adding the words "except in time of war declared by Congress."

Mr. RIVERS. As many as favor the amendment of the gentleman from New York will raise his hand.

One, two, three, four.

Opposed likewise.

Mr. BLANDFORD. Four to three, Mr. Chairman.

Mr. BENNETT. How about Mr. Long?

Mr. RIVERS. Mr. Long, we are voting on this amendment. We are voting on this provision to make pay applicable to those subject to hostile fire, Mr. Bennett's amendment is to restore this provision as it is written in the bill, and Mr. Stratton's is to add the provision "except in time of emergency declared by the Congress."

Mr. BLANDFORD. Except in time of war.

Mr. RIVERS. In time of war declared by the Congress.

Mr. HARDY. You left out "national emergency."

Mr. BLANDFORD. Mr. Stratton left out "national emergency."

Mr. LONG. This would give extra pay to those who were in combat or near combat during peacetime?

Mr. RIVERS. That is right.

Mr. STRATTON. Right.

Mr. BENNETT. But the amendment——

Mr. GAVIN. In the event of war.

Mr. BLANDFORD. I think we ought to review the bidding here——

Mr. RIVERS. I think we ought to review everything.

Mr. BLANDFORD. What you have here is an amendment offered by Mr. Stratton to Mr. Bennett's suggestion that the hostile fire section be restored in the committee print.

Now you will recall that in the Korean conflict there was no declaration of war, there was no declaration by Congress of an emergency. The President declared the emergency.

Now Mr. Stratton's exception therefore is in a sense limited only to the time when Congress itself actually declares war.

Mr. GAVIN. That is right.

Mr. BLANDFORD. And the last time Congress declared war was in 1941. So Mr. Stratton offers an amendment to Mr. Bennett's proposal that hostile fire not be paid whenever the Congress declares war; at all other times hostile fire could be paid to those who are subjected to hostile fire.

Mr. RIVERS. Treat the subject separately like always.

Mr. LONG. I am voting on Mr. Stratton's amendment?

Mr. BLANDFORD. First, yes. That no one can get hostile fire when Congress declares war.

Mr. STRATTON. If I may say so, if I may interpret my own amendment, if we are going to add or restore the hostile fire provisions my proposal is that we restore it and limit it to an actual peacetime situation.

Mr. RIVERS. That is it. I think everybody understands.

As many as favor the amendment will raise his hand.

Mr. GUBSER. Voting on the Stratton amendment?

Mr. RIVERS. Yes.

One, two, three, four, five.

Opposed, the same thing?

One, two, three.

Passed.

Mr. GAVIN. I don't think it passed.

Mr. RIVERS. All those in favor of Mr. Stratton's amendment raise their hands.

As many as oppose it raise their hands.

Six to four.

Mr. BLANDFORD. Now the question is on Mr. Bennett's amendment as amended by the amendment by Mr. Stratton.

Mr. RIVERS. Those in favor of the amendment as amended——

Mr. HUDDLESTON. Is this the amendment to strike out subsection (4)

Mr. RIVERS. Restore it.

Mr. BLANDFORD. This is to put into effect hostile fire.

Mr. HARDY. Except for subsection (4).

Mr. BATES. Except for?

Mr. BLANDFORD. I was going to get to that. I assume this is with subsection (4) out, which deals with being captured.

Mr. HARDY. Technically all you need to do is strike subsection (4).

Mr. BENNETT. If you want me to rephrase it that way——

Mr. HUDDLESTON. Let's vote on subsection (4) separately.

Mr. BATES. Right.

Mr. BLANDFORD. This is a separate vote. If you want a separate vote on subsection (4), that which would eliminate the payment of hostile fire when a person was captured by a hostile force or become missing under circumstances that indicates hostile action was involved, do you ask for a separate vote on that?

Mr. BENNETT. I didn't.

Mr. HUDDLESTON. I did.

Mr. RIVERS. The question now occurs on the amendment of the gentleman from Florida, Mr. Bennett, as amended.

Mr. BATES. And which I don't understand.

Mr. RIVERS. All right.

Mr. BATES. What is the amendment? I would like to have it read.

Mr. STRATTON. A parliamentary inquiry.

Since we have adopted the Stratton amendment does Mr. Bennett still feel that number (4) ought to be eliminated?

Mr. BENNETT. Why not?

Mr. RIVERS. I don't know, you will have to ask him.

Mr. BENNETT. I will be glad to take a little time out and make a little speech on it. I do think it should be out of there. I think it is against the public interest. I think after the war is over it might be appropriate to pass a law to give benefits to people who have been captured and released, but to establish in advance of capture of a soldier that you are going to pay him so much for being captured I think is against public interest.

Mr. HARDY. I think your point is well taken.

Mr. RIVERS. Mr. Bates?

Mr. BATES. Charley, is that all yours is, strike that out?

Mr. BENNETT. All my motion is--I can rephrase it in technical language, but I was trying to make it simple. If you want to make it technical, I can make it technical. But what I suggested was that we abide by the recommendations of the adopted bill with the exception we would strike subsection (4), but if you want it technically stated I could technically state it.

Mr. RIVERS. Go ahead.

Mr. BENNETT. All right.

It would be that we strike subsection 4, beginning at line 17, line 19, page 24, of the bill as introduced, and that will accomplish the objective which I have in mind.

Mr. HUDDLESTON. Let me say something about that.

Now this embraces, of course, being captured by a hostile force, but it also embraces being missing under circumstances that indicate hostile action was involved.

In other words, if we strike this section 4 in to to we will be allowing men who are known to be killed in action to receive this payment, but if a man is blown up and thereby is declared missing in action, he is disqualified from receiving this \$55 a month.

Mr. BENNETT. This points out the advantage of doing it technically. This way you can vote my motion down if you want to and then I will make another motion that the provision as amended--

Mr. RIVERS. Mr. Bennett's amendment was to restore the section with the section deleted and Mr. Stratton's put it in "except in time of

emergency declared by the Congress," and now the question is on the amendment by the gentleman from Florida, Mr. Bennett.

All in favor will say Aye, opposed, No.

Did you vote?

Mr. GAVIN. No.

Mr. RIVERS. It appears to the Chair that the ayes have it, and the amendment by the gentleman from Florida is accepted.

Mr. BENNETT. Thank you very much.

Mr. RIVERS. If you want to have another amendment later on to strike it out, that is another proposition.

Mr. HARDY. I thought that did.

Mr. RIVERS. It did. I mean to restore it.

Mr. HARDY. Everybody knows what we have. We have this section in here without section (4) plus the Stratton language.

Mr. STRATTON. All right.

Mr. HUDDLESTON. Mr. Chairman, may I offer an amendment to reincorporate the language "or become missing under circumstances that indicate hostile action was involved."

Mr. RIVERS. In other words, you want to strike out "captured by hostile fire—"

Mr. STRATTON. May I comment on that? Could I ask a question on that?

Mr. RIVERS. Let's just wait and see what we got first. Wait a second. You want to restore "or become missing—"

Mr. BLANDFORD. That would include being captured.

Mr. BATES. It sure would.

Mr. RIVERS. Certainly.

Mr. BLANDFORD. All people captured unless somebody sees them, are declared missing—

Mr. BENNETT. I am not in favor of Mr. Huddleston's amendment, for what it is worth.

Mr. RIVERS. We have had enough discussion.

Mr. STRATTON. Could I ask Mr. Bennett a question?

Your point was that if you set up a premium for capture it encourages an individual to be captured.

Mr. BENNETT. Correct.

Mr. STRATTON. In this case it would encourage him to go get lost somewhere, is that the idea?

Mr. BENNETT. Correct.

Mr. GAVIN. Why not vote on Bennett's amendment with Stratton's—

Mr. BLANDFORD. That has been adopted, Mr. Gavin.

Mr. HUDDLESTON. I want a vote on my motion. I think there are many instances where men become missing under circumstances that indicate hostile action was involved.

Mr. RIVERS. I think we understand. All those in favor of the amendment of the gentleman from Alabama will say "Aye." As many as favor the amendment will raise his hand. Four.

Opposed, likewise. Five.

Mr. RIVERS. The next section.

Mr. BLANDFORD. Dependency requirements for parents. This, for practical purposes, is existing law in which they eliminate the provi-

sion dealing with the dependent actually residing in the household of the member and also a new section concerning the determination of dependency made by the Secretary being conclusive.

In view of the fact that this is now contained in the Dependents' Assistance Act, and in view of the fact that we are in the process of extending the Dependents' Assistance Act and that this is additional verbiage in the bill that has nothing to do with pay at this moment, I would respectfully suggest that this section be deleted merely to cut down some of the explanation necessary in the debate on an extremely complicated bill.

Mr. RIVERS. We already have the bill—

Mr. BLANDFORD. No, sir. This is actually taken care of when we extend the Dependents' Assistance Act which we will pass on Monday.

Mr. RIVERS. Without objection, we will take that one out.

Mr. BLANDFORD. The next section is increase in basic allowance for subsistence. This is somewhat more complicated.

Mr. RIVERS. What page?

Mr. BLANDFORD. Bottom of page 26 and top of page 27.

Mr. RIVERS. Go ahead.

Mr. BLANDFORD. The committee print says:

Is amended to read as follows:

"Sec. 10. Section 402(d) of title 37, United States Code, is amended to read as follows:

"(d) The basic allowance for subsistence for members of the uniformed services is as follows:

"Officers: \$51 a month.

"Enlisted members with dependents when permission to mess separately is granted: \$1.25 a day.

"Enlisted members when rations in kind are not available: \$3.25 a day.

"Enlisted members when assigned to duty under emergency conditions where messing facilities of the United States are not available: Not more than \$4.31 a day."

Now, if I may explain for a few moments what this is about.

Mr. RIVERS. I wish you would listen to this carefully because this is very important. This takes care of raising the enlisted man from \$1.03 to \$1.25 a day.

Mr. BLANDFORD. Yes, sir. The present subsistence allowance for officers under existing law is \$47.88 per month. The Department proposed that the subsistence allowance for officers be increased from \$47.88 to \$77 a month.

The Department made no proposal with regard to the subsistence allowance for enlisted personnel. There is \$120 million involved in the increase in subsistence allowance for officers. After giving this matter a lot of thought, the chairman considered the possibility of reducing the subsistence increase for officers and attempting to spread it more equitably among all people who have to eat in order to live.

The chairman suggested that since the cost of food has increased 6.6 percent since 1952, which was the last time we increased these allowances, that we put the subsistence for officers at \$51 a month.

The suggestion in the committee print also is that since the computed ration is only the value of the food to the Government, and does not reflect the cost to the housewife who prepares it for her husband or does not come anywhere near reflecting the cost to the

enlisted man who is drawing a commuted ration when he buys his food separately, that the least we could do would be to increase \$1.03 a day now payable which is subject to whatever the Secretary may determine is cost of food be set at a fixed amount of \$1.25 a day.

Mr. RIVERS. Make it statutory.

Mr. BLANDFORD. Yes. This turns out to be a fairly expensive proposition because there are 800,000 enlisted men drawing commuted rations. This costs \$54 million if you increase these commuted rations by 22 cents a day.

In addition to that there are individual cases, quite confusing cases, I might add, where enlisted members are entitled to draw a ration where rations in kind are not available. Today that amounts to \$2.57.

The theory behind that \$2.57 is that these individuals are in an area where there are no messing facilities available and therefore they are eating in restaurants and the cost, therefore, is \$2.57 as opposed to the \$1.03 commuted rations.

The other provision in the committee print is rarely used. I think there are 800 enlisted personnel who now draw a ration under emergency conditions which is——

Mr. GAVIN. \$431.

Mr. BLANDFORD. That is the proposal. It is \$3.68 I think, or something in that neighborhood, and this would be increased to \$4.31.

Now, what this subcommittee print does and this requires quite an explanation, the subcommittee print was just a first effort to raise the question of how fair do we want to be to enlisted men who draw commuted rations and eat either at home or eat away.

Also, we had to increase—if we were going to be consistent, we had to increase the amount payable to an enlisted member when rations in kind are not available. This was increased by 26 percent because the cost of eating away from home, that is, restaurant costs, have increased 26 percent since 1952, whereas the cost of food has only gone up 6.6 percent.

Now, the proposal before you would involve a cost of \$13 million for officers for subsistence, \$54 million for increasing the commuted ration for the enlisted man, raising it from \$1.03 to \$1.25; and \$15 million for increasing the amount when rations in kind are not available to \$3.25 a day and some negligible sum which I haven't even computed——

Mr. GAVIN. From what?

Mr. BLANDFORD. \$2.57 to \$3.25.

Mr. GAVIN. \$2.57 to \$3.25.

Mr. BLANDFORD. Yes, sir.

Mr. RIVERS. All right. That is \$82 million.

Mr. BLANDFORD. Now we have money left over.

Mr. RIVERS. Go back. To start off with under the Department proposal the figure was 120.

Mr. BLANDFORD. There was \$120 million in here for officers alone.

Mr. GAVIN. \$120?

Mr. BLANDFORD. Yes, sir. Now, at that point after computing this this far—and the mail reflects the concern of enlisted personnel on this point—the chairman then suggested that because we wanted to give the officers something approaching the amount of increase recommended by the Department of Defense, the chairman suggested that

we increase first and second lieutenants by \$15 a month, and W-1's and W-2's, and then all others by \$10 a month.

Mr. RIVERS. What would that be?

Mr. BLANDFORD. That came to \$47 million.

Mr. RIVERS. So our deficit is 38 from 47, \$9 million we have raised the overall picture.

Mr. HARDY. That is the basic pay scales you are talking about now.

Mr. RIVERS. Basic pay scales.

Mr. BLANDFORD. Yes, sir. I have to continue with this explanation and I will try to explain that.

What we did then was this: The Department proposed an increase of \$29 in subsistence allowances for officers.

Mr. GAVIN. Wait a minute. What amount? How much?

Mr. BLANDFORD. \$29 a month for officers.

Mr. GAVIN. And what are they getting now?

Mr. BLANDFORD. \$47.88.

Mr. GAVIN. And this bill calls for it to raise it to \$51?

Mr. BLANDFORD. No, sir. The bill as introduced called for \$77 and the committee print is \$51.

Mr. GAVIN. \$77. And how much is that going to amount to?

Mr. BLANDFORD. The \$77 would amount to \$120 million a year.

Mr. GAVIN. For officers?

Mr. BLANDFORD. Yes, sir.

Mr. GAVIN. \$120 million a year alone just for the officers?

Mr. BLANDFORD. Alone, just for officers.

Mr. GAVIN. All right.

Mr. BLANDFORD. Now, the \$51 a month, which is a \$3.12 increase, amounted to \$13 million?

Mr. GAVIN. Who was that for?

Mr. BLANDFORD. Officers.

Mr. GAVIN. Well, I guess I can't figure this one out. You just said upping it from 51 to 77 would cost us \$120 million, is that right?

Mr. RIVERS. That is not right.

Mr. GAVIN. And then you say now it is costing what?

Mr. BLANDFORD. I didn't say what \$47.88 is now costing. I have that figure, but let me start again.

Today, officers receive a subsistence allowance of \$47.88 a month. The Department proposed \$77 a month.

Mr. GAVIN. Who wrote this bill then with \$51 a month?

Mr. RIVERS. This is our proposal.

Mr. BLANDFORD. The subcommittee's print. The chairman—I will get to that in a moment.

The Department recommended \$77 a month. The increase from \$47.88 to \$77 for officers involved an additional annual cost of \$120 million.

Mr. GAVIN. OK.

Mr. BLANDFORD. The chairman suggests that we give officers \$51 a month subsistence, which is considerably less than the \$77 and spread some of this among the enlisted personnel by increasing the commuted ration from \$1.03 to \$1.25 and when rations in kind were not available from \$2.57 to \$3.25 a day.

Now, in order to make up for the difference, because there would then be less money in this bill for officers than what the Department

proposed, the chairman suggested adding \$15 to the pay of lieutenants and W-1's and W-2's and \$10 a month for all other officers in the basic pay scales. This would have cost \$47 million.

This came to a grand total of \$129 million to take care of officers and enlisted personnel as opposed to the \$120 million that was recommended for officers alone.

However, you do have this situation which we have to face and I would like to ask the Secretary what his comments are in this connection. The Department, after careful study, decided on these basic pay scales and also that additional. The \$29 per month in the subsistence increase would give officers what the Department considers is necessary in order to retain the officers that they wish to retain.

This, in most cases, comes close to rounding out the \$100 figure that Mr. Gorman and Mr. Paul talked about the other day, particularly in the area of lieutenants.

Now, if the subcommittee wishes, and the chairman has suggested this to the subcommittee, that if, in the wisdom of the subcommittee, the subcommittee desires to put the entire amount recommended by the Department in the basic pay scales which would be approximately \$30 a month per officer, this would then be a total increase of \$123 million. Including the cost of the Reserves and terminal leave and other incidentals the cost is \$130 million.

There would then be the difference between the \$47 million the subcommittee print suggested, plus the \$10 and \$15 increases suggested in the other grades, as opposed to the \$30 which is the alternate proposal.

One will cost you, of course, more than the other, obviously. But bear in mind that subsistence allowances are not taxable, whereas basic pay is taxable.

Therefore, it is not quite correct to say that a \$29 increase in subsistence is the same increase as a \$29 increase in basic pay. It comes closer to being approximately \$34. So if we increase all officers by \$30 a month in their basic pay and by \$3.12 a month in their subsistence, we will then give the officers about the same amount that the Department recommended for officers and the cost is not significantly more.

Mr. HARDY. Mr. Chairman, I think we are approaching this whole thing just as wrong as we can. This business of trying to juggle subsistence allowances without any rational reason for it at all is just as cockeyed as it can be. Now, I think we have come in here with a pretty reasonable approach to subsistence.

Now, pay rates ought to be considered entirely separate from this. The fact that there was \$120 million involved in the subsistence cost, increases, doesn't impress me in the least.

When we start talking about trying to make up in basic pay what we cut out of this thing, I think it is wrong. I think we ought to go ahead and approve what we are going to do with subsistence and then take up the basic pay rates on the basis of their own merit and not stay within this figure.

Mr. BLANDFORD. You would have to come back to the basic pay rates. The only reason I mentioned it, and I know this is always confusing to talk about subsistence and basic pay, is that the \$30—

Mr. HARDY. But there isn't anything sacred about the \$30 that the Department has put in.

Mr. BLANDFORD. The only thing sacred about it is the take-home pay to the man involved.

Mr. HARDY. But you are not going to get it to the same people if we follow this procedure.

Mr. BLANDFORD. Yes. The \$30 that we give to every officer would be the same as if we—

Mr. HARDY. That is if you increased it across the board.

Mr. BLANDFORD. That is what I am talking about, a \$30 increase across the board. This would then give the officers the same amount of take-home pay that the Department recommended.

Mr. HARDY. That is making a very cockeyed assumption in my book in that the amount that the Department has figured out is just exactly what it ought to be.

Mr. BLANDFORD. I can't comment on that. I don't know whether it is correct or not.

Mr. RIVERS. Mr. Blandford wanted to, as far as possible, stay as close as he could, for the benefit of the subcommittee, to the \$120 million.

Mr. HARDY. Now—

Mr. RIVERS. Wait now.

Now, if the subcommittee—and that is why we worked it out this way—if the subcommittee wants to change it, that is entirely up to the subcommittee. I just want to call this to your attention.

Mr. HARDY has something. I think it may be well if we consider subsistence; get that behind us and then go to the basic pay.

Mr. BLANDFORD. That is exactly right, Mr. Chairman. If we can agree on subsistence, I have suggested language written by the Department that they would prefer to see in the bill rather than the language the way we have it.

Mr. RIVERS. Maybe the Secretary would like to say something at this point.

Mr. GAVIN. I would like to ask Russ a question at this point before we get away from it.

The officers are being raised \$30 million, figured at \$47.88 per month, and then \$30 added. That would bring the officers' total to a cost of \$123 million; is that right?

Mr. BLANDFORD. No, not quite. It is close.

Mr. GAVIN. Say \$120 million.

Mr. BLANDFORD. No. What we are trying to do, and I am afraid I have confused the issue, the Department suggested that each officer receive a \$29 a month increase in subsistence. If you will just think of it in terms of \$29 increase in subsistence, this will be helpful.

Mr. RIVERS. This is not basic pay.

Mr. BLANDFORD. Now, we reduced the \$29 increase in subsistence allowance to \$3.12, which made it \$51. In other words, instead of increasing from \$47.88 to \$77, we increased to \$51, because you can justify that increase because the cost of food has increased 6.6 percent since 1952.

Now, when we did that, we obviously took the difference away from the officers. They were going to get \$29 instead they got \$3.

Now, we can give it back to the officers in basic pay increases by giving the officers an increase in basic pay. But bear in mind that basic pay is taxable and subsistence allowances are not taxable.

Mr. GAVIN. Let me ask you this: The officers—how many would you say there are of the officers that will participate in this \$123 million, the \$47.88 and \$77; how many officers are there?

Mr. BLANDFORD. 325,000, I believe.

Mr. GAVIN. 325,000?

Mr. BLANDFORD. Yes, sir.

Mr. GAVIN. 325,000. Now, on the enlisted members with dependents you got to bringing them up from \$1.03 to \$1.25 and you are bringing the enlisted members when rations-in-kind are not available, from \$2.57 to \$3.25?

Mr. BLANDFORD. There are 800,000 enlisted members now drawing commuted rations.

Mr. GAVIN. Then there are enlisted members when assigned to emergency duty under conditions where messing facilities are not available, \$4.31.

Mr. BLANDFORD. I don't know how many there are in that category.

Mr. GAVIN. The enlisted members is a \$54 million increase; is that right?

Mr. BLANDFORD. Yes, sir.

Mr. GAVIN. Enlisted members when rations-in-kind are not available is \$15 million.

Mr. BLANDFORD. Yes.

Mr. GAVIN. And enlisted members when assigned to duty under emergency conditions, \$4.31 a day. How much is that?

Mr. BLANDFORD. 800 people.

Mr. GAVIN. 800 people. What would you say?

Mr. BLANDFORD. \$24,000 a year.

Mr. GAVIN. Well, we will leave them out. But there is \$69 million for the enlisted men of which there are how many in these 3 groups or 4 groups?

Mr. RIVERS. 800,000.

Mr. BLANDFORD. 860,800 in the three groups.

Mr. GAVIN. And how many did you say, 800,000—how many officers did you say?

Mr. BLANDFORD. 325,000.

Mr. GAVIN. 325,000 and there are only 80,000 enlisted men—

Mr. BLANDFORD. 800,000 enlisted men drawing that kind of ration.

Mr. GAVIN. 800,000 enlisted men and how many officers?

Mr. BLANDFORD. 325,000.

Mr. GAVIN. So the officers are going to participate up to the extent of \$77.89 million and the rest of the services—

Mr. BLANDFORD. Not on subsistence.

Mr. RIVERS. Not on subsistence.

Mr. GAVIN. \$54 million, \$15 million, \$69 million—

Mr. BLANDFORD. For the enlisted?

Mr. GAVIN. For the enlisted. There seems to be a great differential between what the officers are getting and what the enlisted man is getting.

Mr. BLANDFORD. Yes, there is: for the first time in history the enlisted man is going to get more of an increase dollarwise than the officers are.

Mr. RIVERS. Do you object to that?

Mr. GAVIN. No, I certainly do not object to it, but it is not quite clear to me, I will tell you that.

Mr. RIVERS. If you let Mr. Blandford explain this. Mr. Blandford, will you just explain to the committee just that provision on top of page 27 of the committee print? This is what Mr. Hardy wants you to do.

Mr. BENNETT. It looks pretty good to me. I move we approve it.

Mr. RIVERS. This is based on the 6 percent and 26 percent—

Mr. BLANDFORD. Yes, but I would like to suggest in lieu of the language we have here which was merely an attempt to get something into the committee print so we could understand the objective.

I don't say the language is perfect. The Department has proposed language which would indicate that officers would get \$51 a month— This would be a subsistence allowance.

Mr. RIVERS. All right.

Mr. BLANDFORD. The Department wants to be on record that they are not recommending anything. They did this as a drafting service.

Mr. HARDY. You mean they just like the \$77.

Mr. BLANDFORD. Yes, sir. As a favor to me, they wrote this language:

SEC. 10. Section 402 of title 37, United States Code, is amended as follows:

(1) Subsection (b) amended by striking out the fourth sentence.

(2) Subsection (d) is amended to read as follows:

"(d) Even the basic allowance for subsistence for members of the uniformed services is as follows:

"(1) Officers \$51 a month.

"(2) Enlisted members when rations in kind are not available and their duty assignment requires them to incur subsistence expenses substantially in excess of those incurred by members covered by clause (1)."

Now, this is a new approach, but this would entitle them to \$97.50 a month which is \$3.25 a day multiplied by 30.

Then—

"(3) Enlisted members when permission to mess separately is granted, \$37.50 a month."

Which is 30 times \$1.25 and—

"(4) Enlisted members, when assigned to duty under emergency conditions where no messing facilities of the United States are available and they are required to incur subsistence expenses substantially in excess of those incurred by members not covered by clause (2), not more than \$129.30 a month."

Mr. RIVERS. This makes everything read per month.

Mr. BLANDFORD. Yes. But it makes one change and I want to be very clear that there will be a reduction in some areas.

We have a very, almost ridiculous situation on this \$2.57 allowance which is paid today. You can have two people living next door to each other and one can be assigned to one place where there are no messing facilities and another can be assigned some place where there are messing facilities available.

They both live next door to each other and because one man is assigned to an area where no messing facilities are available and the

other man is assigned to an area where there are messing facilities available, but neither of them are eating at a mess, they both come home, but one draws \$2.57 and the other draws \$1.03.

It just is as crazy as anything and it ought to be subject to regulation.

Mr. RIVERS. I think this, I think if the Secretary of Defense can set up the supply thing that Mr. Hardy ran into under General McNamara he can sure make a provision of law to take care of this.

Secretary PAUL. Yes, sir.

Mr. HARDY. Mr. Chairman, don't let him set up a defense messing agency.

Mr. BLANDFORD. I suggest this language in lieu of the language in the committee print.

Mr. HUDDLESTON. How many man-hours a year would we save if we rounded these numbers instead of putting these odd cents?

Mr. BLANDFORD. They are not odd. I hope I am right in saying everything is divisible by 30.

Mr. HUDDLESTON. I mean the \$4.31, how many man-hours would we save if we rounded it out to \$4.30?

Mr. BLANDFORD. I don't know.

I hope all of this is divisible by 30. All pay scales are divisible by 30. And you are absolutely right, this saves real money.

Mr. BATES. Commuted rations are going to be commuted daily.

Mr. BLANDFORD. If they are allowed to live home, it is \$1.25.

Mr. BATES. On the payroll it will be carried per day.

Mr. BENNETT. There is no controversy. I move we accept this.

Mr. BATES. Mr. Chairman.

For officers' mess they will be getting \$1.25 for the commuted rations.

Mr. BLANDFORD. Not officers.

Mr. BATES. Yes; they will.

Mr. BLANDFORD. No.

Mr. BATES. What will they be getting?

Mr. BLANDFORD. \$51 a month for officers.

Mr. BATES. No. For enlisted men who eat in the officers' mess, what will they get for that?

Mr. BLANDFORD. They will merely check their rations.

Secretary PAUL. They will get one-thirtieth—

Mr. BATES. Will they get \$1.25—let's start right at the beginning. Everybody is giving me the answer before I finish making my statement.

Mr. RIVERS. That is right.

Mr. BATES. Now let's take an enlisted man eating at an officers' mess, mess attendant, et cetera; what will the officers' mess get for each man who actually eats at the officers' mess?

Colonel BENADE. I don't know that enlisted members are used in officers' messes.

Mr. BATES. They are not aboard ship? How long has that been so?

Colonel BENADE. I would be happy to defer to the Navy.

Mr. BATES. No; they get credit for each of the enlisted men who actually subsist on the mess.

It has always been that way, they always got the value of the commuted rations. In that case it is \$1.25.

General BOWSER. It is my impression they get the value of the ration allowance at that time.

Mr. BATES. Right, but what is the ration allowance?

General BOWSER. It would be \$1.03.

Mr. BATES. That is right, which goes now up to the \$1.25.

Mr. RIVERS. Yes; it is the same as providing quarters, which is checked off.

General BOWSER. But the \$1.25 that Russ mentioned here is for men on a commuted ration; it does not affect the value of the subsistence allowance, ration.

Mr. BATES. Wasn't that always the same as the commuted ration?

General BOWSER. It was until this committee print?

Mr. BLANDFORD. That is right.

Mr. RIVERS. Mr. Bates is right, then the \$1.25 will just be forfeited, or whatever you want to call it.

General BOWSER. No, because the man will not be on commuted rations, Mr. Chairman.

His ration allowance, whatever it is set at at the time, right now it is \$1.03, would be \$1.03 which would be credited to the officers' mess because you are feeding the men.

Mr. HARDY. The officers would have to absorb any difference.

Mr. BATES. I am asking under this print, the print that we have, won't the mess get \$1.25?

General BOWSER. No, sir.

Mr. BATES. Then what will they get under the print?

General BOWSER. Under the print they will get the value of the ration at the time.

Right now it is \$1.03.

General HEWITT. That fluctuates with the cost of food that goes into the ration.

Mr. RIVERS. They get it cheaper aboard ship.

Mr. BLANDFORD. Mr. Bates has a point, Mr. Chairman.

Mr. BATES. It is all mixed up. It might be so in the Army.

Mr. GAVIN. I don't know about that.

Mr. BATES. We have some admirals and captains here.

Isn't the ration value what you get in the Navy?

Admiral SMEDBERG. There are two different situations, sir.

In a mess ashore, an officers' mess ashore, sometimes the mess gets the value of the man's rations.

Mr. RIVERS. Commuted rations?

Admiral SMEDBERG. Yes, sir; sometimes. But in the mess on board ship they get the value—well, it is the same situation, but here is the situation that exists in some ships today.

It used to be and I would prefer to have this off the record, may I?

Mr. RIVERS. Off the record.

(Discussion off the record.)

Mr. BATES. I think maybe we can get somebody to get us the figures.

Mr. GAVIN. Let's hear from the Army.

What does the Army do?

Mr. BATES. Put the answer in the record.

1739

DECEMBER 14, 1962
No. 1338.7
ASD (COMP)

DEPARTMENT OF DEFENSE DIRECTIVE

Subject: Commuted ration for enlisted personnel.
Re DOD Directive 1338.7, subject as above, December 23, 1961 (hereby canceled).

I. AUTHORITY AND PURPOSE

A. Pursuant to the provisions of section 402, title 37, United States Code, the value of the commuted ration for an enlisted member of the uniformed services (as defined in section 101 of title 37) on authorized leave or when permission to mess separately is granted, is established at the rate of \$1.03 per diem for Conus and \$1.15 per diem for overseas. The term "overseas" includes Alaska and Hawaii.

B. Enlisted members on authorized leave will be entitled to the \$1.03 rate, except in the case of enlisted members entitled to sea or foreign duty pay who will be entitled to the \$1.15 rate. Enlisted persons who are subject to the provisions of 37 U.S.C. 305(b) shall, for the purpose of this directive, be considered to be on foreign duty.

C. The portions of the reimbursement rates for meals sold from general messes which represent food costs (including first destination transportation and supply system losses, damage, and spoilage) shall be established in amounts equal to the value of the commuted ration.

II. IMPLEMENTATION AND EFFECTIVE DATE

This directive is effective on January 1, 1963. Copies of military department instructions implementing this directive shall be forwarded to the Assistant Secretary of Defense (Comptroller) within 30 days of the date hereof.

III. CANCELLATION

Referenced directive is hereby superseded and canceled.

ROSWEIL GILPATRIC,
Deputy Secretary of Defense.

General HEWITT. Normally the enlisted men are not in an officers' mess.

Mr. GAVIN. I know that.

General HEWITT. In the Army. And in attempting to answer Mr. Bates' question, the commuted ration is paid to a man who messes separately.

Mr. BATES. We understand that.

General HEWITT. That is right. So that that is now paid to the \$1.25, but that is an arbitrary figure which is in excess of the ration, and the ration is computed on the cost of the food that makes up the ration and it varies.

Mr. BATES. I know that is not correct in the Navy.

It might be true in the Army.

General HEWITT. Yes, sir. I answered Mr. Gavin.

Mr. BATES. In the Army then if an enlisted man does work in the officers' mess and eats in that mess you merely reimburse the cost of the ration of the general mess?

General HEWITT. That is correct.

Mr. BATES. All right.

Mr. GAVIN. Ordinarily the enlisted man very rarely gets into the officers' mess.

General HEWITT. That is right.

Mr. RIVERS. If we are going to sit here and argue the philosophy of all these things I don't think we are going to add anything here today.

Mr. BATES. That is not philosophy.

Mr. RIVERS. I don't—

Mr. BLANDFORD. To answer the question, for example, the \$1.03 is not even stated in the law today, it is subject to fluctuation as the cost of food goes up and down.

To answer Mr. Bates' question specifically it would appear that what would happen is that when an individual is working in an officers' mess if that is the situation, he will either eat in the messhall or if he eats in the officers' mess through some arrangement then I assume that the mess will be credited with the cost of the food which will be \$1.03 a day.

Mr. BENNETT. \$1.25.

Mr. BLANDFORD. No, sir; it is \$1.03.

Mr. BATES. No; they never went on the basis of food in the Navy. They might have in the Army.

Mr. BENNETT. That is what it is going to be now.

Mr. BLANDFORD. Under this provision.

Mr. RIVERS. I think everybody understands.

As many as favor the provision as rewritten by Mr. Blandford, say aye, opposed no.

Now we get to—

Mr. BLANDFORD. Page 27, quarters allowances payable when husband and wife are members of the uniformed services.

Again in the interest of time I have tried to briefly explain this and then I will suggest that you delete it.

This is a situation where a man and wife are both members of the uniformed services and under the law they may not consider either as a dependent of the other.

Today, if they are in the same area and there are no quarters available to them, each draw a single quarters allowance, if they both occupy Government quarters or they are available for one and not for the other then only one can draw a single quarters allowance and neither can draw them based upon dependents.

This is an extremely complicated section, hard to explain. There is nothing wrong in the concept of what they are proposing here but anybody who tries to explain this on the floor of the House in connection with this pay bill is going to have a time. I suggest in the interest of time and in order to expedite it since there are so few people involved here that we strike this section from the bill.

It was a separate item, not recommended by the pay study panel as such.

It was added as it went through the departments for comment. I suggest we strike it out and introduce it as a separate bill.

Mr. HARDY. You don't see any real objection?

Mr. GUBSER. How many separate bills are we going to have?

Mr. BLANDFORD. Three or four.

Mr. RIVERS. Three or four.

Secretary PAUL. Our objective was to cut down the number of separate bills. But if the committee would prefer to handle this the way counsel suggested, we have no objection.

Mr. GUBSER. Haven't we handled—this is allowance for quarters, is it?

Mr. BLANDFORD. No, sir; this is a different situation.

This involves a handful of people.

Where a sergeant is married to a lieutenant.

Mr. RIVERS. That is right.

Mr. BLANDFORD. You have not many cases here.

Today if they are living on the base, or if they are living outside the base, and no quarters are available for each of them, then they each draw single quarters allowance, so that equals more than one quarters allowance with dependents.

On the other hand, if they get permission to live off the base, and quarters are available to one of them, then only one can draw a single allowance, whereas we try to encourage husbands and wives to live together.

Mr. HARDY. I move it be deleted.

Mr. RIVERS. All right; without objection.

Mr. BLANDFORD. Thank you.

Mr. RIVERS. Where does that take us?

Mr. BLANDFORD. This takes us to family separation allowance.

Mr. RIVERS. What page?

Mr. BLANDFORD. Page 31.

Mr. RIVERS. Mr. Paul, you are keeping track of the separate provisions we are going to treat by individual legislation.

Secretary PAUL. Yes, sir.

Mr. RIVERS. Fine. Go ahead.

Mr. BLANDFORD. Now Mr. Chairman, on page 31 we come to a situation in which the Department recognized the fact that there are members of the armed services who are assigned to areas where they are not allowed to have their families join them and there are no Government quarters available to them.

Now, in determining the amount of station allowance to which these individuals may receive when they are overseas the regulations and the law has been interpreted to mean that they can only draw the difference between the quarters allowances payable to an individual without dependents and the quarters allowance payable to a person with dependents.

In some cases it could be as little as \$30 a month, yet the individual may have to pay as much as \$100 a month to find a place to live.

So what the Department has proposed in this particular case is that they allow this individual in his station allowance to be considered as a member without dependents in computing a station allowance because they recognized the fact that he has to occupy a place for himself and pay out rent while he is still paying rent for his family back in the States.

Now as far as the section goes, obviously it is a good section and it is an important section to those who are affected by it.

However, there is a relatively few number of people and as the Department proposed this to us, the cost involved was \$1,979,000—\$2 million, approximately.

Now, Mr. Chairman, I think all of us here are aware of the problems involved in this business of being separated from the family. In addition the Department of Defense in its wisdom decided to eliminate per diem allowances for those people on troop movements, in areas where messing and house facilities were available when on TDY. They gave them no per diem whatsoever and this is what led to the article in the Reader's Digest.

The chairman decided at the very least we ought to recommend that the per diem allowance for people on TDY be not less than \$1, at least a recognition that when a man is on TDY he does have extra expenses.

Instead of watching television with his family he might go to the theater on his own.

If he has a couple of shirts he will send them out, instead of having his wife put them through the washing machine.

There are extra expenses to the individual.

The chairman has suggested that at least we guarantee these people \$1 a day.

In many cases it won't come close to it, but at least it is a indication on the part of the Congress that there should be some per diem paid when these people are on TDY.

This is the first point.

Now we come to the next suggestion. And I might say that from the service viewpoint, from the service viewpoint, this is probably the most welcome suggestion contained in this bill as a morale booster, and this is the committee's suggestion—it did not come over from the Department of Defense. I have heard more comment on this separation allowance than anything else.

This is a recognition that when a man is away from his duty station and separated from his family that his family has expenses at home that are not compensated for by the Government.

Now interestingly enough, the way this subsection is written or this section is written as proposed by the chairman, the cost is negligible compared, in my opinion, to the benefits to be derived from it from a moral viewpoint.

It will cost less than \$50 million a year and yet it recognizes long periods of time at sea away from families, long periods away in these isolated stations up on radar sites, all types of situations where a man is separated from his family either for permanent duty or for temporary duty.

Mr. BENTON. Is this on top of sea duty?

Mr. BLANDFORD. Yes, sir; this would be on top of this.

And the amount suggested is one-third of the quarters allowance payable to an individual without dependents and the maximum for officers is \$160 a month, so one-third of that is \$53.33 or \$30 a month, whichever is greater. There will be relatively little spread between the officer and enlisted man but it will be the first time in history that the Congress recognizes the cost to the family when they are separated from the breadwinner.

Mr. GAVIN. Do you think \$1 is adequate?

Mr. BLANDFORD. No; this is something else.

The \$1 is when a man is on temporary duty for more than 30 days. This would be in addition, this would be an allowance because he is separated from his family.

The \$30 is to pay him for the expenses of his wife when she has to hire a plumber to come in and fix the faucet, cut the grass, whatever the other factors are that are always involved when a husband is away from his family for a long period of time.

Mr. GAVIN. Is there a motion?

Mr. BLANDFORD. I suggest that I read the following language before you adopt it.

Mr. GAVIN. This would bring the situation to a head.

Mr. BLANDFORD. All right.

Mr. GUBSER. Before it is read could I ask a question that is pertinent here?

Mr. RIVERS. Certainly, you can ask a question.

Mr. GUBSER. We are talking about two separate payments.

Mr. BLANDFORD. Yes, sir.

Mr. GUBSER. One for the TDY.

Mr. BLANDFORD. Yes, sir.

Mr. GUBSER. And separation.

Mr. BLANDFORD. Yes, sir.

Mr. GUBSER. TDY is \$1 a day per diem.

Mr. BLANDFORD. Yes.

Mr. GUBSER. Separation allowance is one-third of what?

Mr. BLANDFORD. One-third of the quarters allowance payable to an individual with dependents. The minimum would be \$30.

Mr. GUBSER. Thank you.

Mr. BLANDFORD. I would like to ask—

Mr. HARDY. Let me ask a question.

Mr. BATES. Yes; let's ask some questions about this one.

Mr. HARDY. Now, if you are talking in terms of an enlisted man being assigned TDY aboardship, I can understand the separation allowance, but I have little trouble understanding per diem allowance on top of sea duty.

Mr. BLANDFORD. The man would not draw per diem allowance.

Mr. HARDY. I thought you answered that question in the affirmative for Charlie.

Mr. BLANDFORD. If I did, I was incorrect.

I can't visualize a man being assigned—there might be a case or two, perhaps radarman might be assigned on TDY abroad ship for more than 30 days—and I suppose, he might qualify for sea pay.

But this would be a most unusual situation.

Mr. GUBSER. How about SAC or TAC officers on TDY, would he get that oversea pay?

Mr. BLANDFORD. One dollar a day for his expenses and if he is gone for more than 30 days he would get the family separation allowance.

Mr. HARDY. I can understand the separation allowance, but again I run into the same problem with respect to foreign-duty pay and per diem.

Mr. BLANDFORD. The foreign-duty pay is something separate from that. This man has to be separated from his dependents.

Mr. HARDY. I understand.

Mr. BLANDFORD. Bear in mind this applies only to those who are authorized to have their dependents travel with them.

Mr. BATES. What is this, Russ?

Mr. BLANDFORD. In the section you will note that it says, as it was prepared here—

Except in time of war or a national emergency hereafter declared by the Congress, when a member of the uniformed services is entitled to a basic allowance for quarters as a member with dependents, under section 403, title 37, United States Code, as amended, and is assigned to a permanent duty station where his dependents are precluded by competent authority from residing at or near his permanent duty station, including aboard a ship, or when a member with dependents entitled to a basic allowance for quarters as a member with dependents, under section 403, title 37, United States Code, as amended, is assigned to a temporary duty station for a period in excess of 30 days, he is entitled to a special family separation allowance of one-third of the quarters allowance payable to a member without dependents for his grade, or \$30, per month, whichever is greater, in addition to any per diem allowance to which the member may otherwise be entitled.

Mr. HARDY. I don't have any problem with that separation allowance in this thing that we are talking about now. But you take your TDY, where he would be drawing foreign-duty pay; I have a little trouble understanding not less than \$1 per day per diem on top of foreign-duty pay.

Mr. BLANDFORD. I am informed that you cannot draw foreign duty pay on temporary duty.

Mr. HARDY. Cannot?

Mr. BLANDFORD. Cannot.

Is that a correct statement?

Colonel BENADE. Only for temporary duty of less than 8 days.

Mr. HARDY. All right. That ought to be in there.

Mr. BLANDFORD. I did not know that. I am glad to know it.

Mr. RIVERS. My understanding was, in the case of the Tactical Air Command and Strategic Air Command, it has had a very serious impact and that was the reason for it.

Mr. HARDY. I am in agreement on this one, then. But now let's understand the sea duty. You can draw sea duty pay on temporary duty?

Mr. BLANDFORD. I would have to ask the Navy that question. I presume on TDY they do not draw sea duty pay. Can you draw sea pay and TDY pay simultaneously? I mean, can you draw sea pay when you are on temporary duty?

Admiral SMEDBERG. You may not draw per diem on board ship.

Mr. BLANDFORD. That is what I thought.

Mr. HARDY. That would be eliminated. All right. I have no problem.

Mr. GUBSER. Then there is a distinction between the Navy and the Air Force here.

Mr. HARDY. No, because they can't draw foreign duty pay, either. So you would have a similar situation.

Mr. BLANDFORD. I would like to ask Mr. Workinger, if section 12 covers the situation.

Mr. RIVERS. Yes, Mr. Workinger, we want you to make a little contribution here.

Mr. BLANDFORD. I will read the section that has been prepared in lieu thereof. Section 12, this is a suggested change in the subcommittee print: "Section 404(d) of title"—this, again, was as a drafting service at my request, so that no one will be put in the position of recommending anything.

Mr. RIVERS. Where does this go?

Mr. BLANDFORD. Page 31, new family separation allowance. This is cleaned up language.

Mr. RIVERS. I see. Go ahead and read it.

Mr. GAVIN. And this would be as a motion to be made, that this is your recommendation.

Mr. BLANDFORD. Yes. Section 404(d) of title 37 of United States Code is amended by adding the following sentence flush at the end thereof:

However, if a member performs temporary duty away from his permanent station for more than 30 days, he is entitled to a per diem for incidental expenses of at least \$1 for each day of that temporary duty, notwithstanding that a messing facility of the United States is available to him and that quarters of the United States are available for assignment to him without charge.

This is the first part, this is the per diem.

Then chapter 7 of title 37, United States Code, is amended as follows:

1. The following new section is inserted after section 426, new section 427, Family Separation Allowance: (a) In addition to any allowance or per diem to which he otherwise may be entitled under this title, a member of a uniformed service with dependents who is on permanent duty outside of the United States or in Hawaii or Alaska is entitled to a monthly allowance equal to the basic allowance for quarters payable to a member without dependents in the same pay grade if: (1) the movement of his dependents to his permanent station or a place near that station is not authorized at the expense of the United States under section 406 of this title and his dependents do not reside at or near that station; and (2) quarters of the United States or a housing facility under the jurisdiction of a uniformed service are not available for assignment to him; (b) except in time of war or of national emergency hereafter declared by Congress, and in addition to any allowance or per diem to which he otherwise may be entitled under this title, including subsection (A) of this section, a member of a uniformed service with dependents is entitled to a monthly allowance equal to \$30 or one-third of the basic allowance for quarters payable to a member without dependents in the same pay grade, whichever amount is the greater; if (1) the movement of his dependents to his permanent station or a place near that station is not authorized at the expense of the United States under section 406 of this title and his dependents do not reside at or near that station; (2) he is on duty on board a ship away from the home yard or home port of the ship for a continuous period of more than 30 days, or (3) he is on temporary duty away from his permanent station for a continuous period of more than 30 days and his dependents do not reside at or near his temporary duty station.

The analysis is amended by inserting the following item: 427, Family Separation Allowance.

Mr. HARDY. I think I understand that.

Mr. GAVIN. Can we take action on it?

Mr. RIVERS. Mr. Bates?

Mr. BATES. I don't think I understand it all.

Mr. BENNETT. Let's go to a vote on it, then.

Mr. BATES. What is that?

Mr. GAVIN. I understand he is going to get \$1 a day when he is away from his family, additional, that he hasn't been getting, outside of any other benefits that he may receive.

Mr. RIVERS. Admiral Smedberg wants to say something.

Admiral SMEDBERG. Yes, Mr. Chairman.

There was just one little defect which I think is fatal in one of the sentences you read. You said the home port or the home yard. We order people to the home port. Now, very often what we used to call the home yard is not in the same locality as the home port. On the

west coast, for instance, most of our ships, or a great many, are based in San Diego. Every ship that is based in San Diego has the home port of San Diego. When the ship goes to a yard it has to leave San Diego and go either to Long Beach, San Francisco, Mare Island, or Puget Sound. So we want to be sure that we don't say home port or home yard.

Mr. BLANDFORD. You mean strike out the words "home yard"?

Admiral SMEDBERG. Yes, sir; home port does it.

Mr. BLANDFORD. You want to leave that in?

Admiral SMEDBERG. Yes.

Mr. BLANDFORD. Why was that in there, Mr. Workinger?

Mr. RIVERS. He didn't serve in the Navy.

Mr. WORKINGER. That is true.

Mr. GAVIN. What ports did you name there?

Admiral SMEDBERG. San Diego. All ships home ported in San Diego have to go some other place when they have a shipyard overhaul because there is no shipyard in San Diego.

Mr. GAVIN. Send a few of them up to the Philadelphia Yard.

Mr. BLANDFORD. I think the correction is well taken, because I can visualize a situation where a ship would be home ported in San Diego and have to go to Bremerton for repairs, and that would be away from home and yet under this language the man would be separated from his family 60, 90, 100 days, and would not be entitled to the separation allowance. I think it is an appropriate correction.

Mr. RIVERS. All these lengthy words you used when reading the whole provision of the statute as it is now with the-----

Mr. BLANDFORD. This would be a substitute for the committee print.

Mr. BENNETT. I move it be accepted.

Mr. GAVIN. I move it be accepted.

Mr. GUBSER. I want to ask a question. I noticed in this 30-day reference in one point on page 2 there it says "for a continuous period of 30 days or more." Earlier in the bill when you referred to 30 days, you just said 30 days.

Mr. RIVERS. It has to be continuous and not cumulative.

Mr. Secretary, did you have something you want to say?

Mr. BLANDFORD. I think you are right, but it wouldn't do any harm to say permanent station for more than a continuous period-----

Mr. GUBSER. In other words, the SAC officer who gets assigned—who is off 10 days on TDY and then goes out 10 days every other 10 days, he is never going to qualify under this.

Mr. BLANDFORD. You are absolutely right.

Mr. BENNETT. Should he?

Mr. BLANDFORD. If the subcommittee wants to modify it—the only thing we are trying to do is to indicate—they can do this administratively.

Mr. BATES. What were we paying them before?

Mr. BLANDFORD. \$6 a day, which may have been too high. Enlisted man—\$2 a day. The Department of Defense on troop movements eliminated per diem entirely. Now they still pay per diem on individual movements.

Secretary PATL. That is right. Individual travelers continue to receive a per diem. When Government quarters are available but there is not a Government mess available, both officers and enlisted men, individual travelers, get \$8 a day.

Now, the only situation that is presently not covered by per diem is when they are traveling as members of rotational units when Government quarters are available and when a Government mess is available. In that situation presently individual travelers get—officers get \$3.50, enlisted men get \$1. If they are members of rotational units, and these are the two units the chairman was talking about before, neither get anything. The affect of this provision, as I understand it, would mean that they would be guaranteed, both officers and enlisted men, in these rotational units—and these are the only ones that would be affected by this at this time—they would get a minimum of \$1 a day. Now my only—

Mr. RIVERS. What is wrong with that?

Secretary PAUL. I think there is nothing wrong with this except for this, Mr. Chairman. If the committee wishes to legislate this item, of course this is entirely up to the committee. We would be perfectly willing to reinstall per diem at \$1 for officers and \$1 for enlisted men, because we would prefer to keep this within the area of regulations in the whole per diem framework, rather than to legislate an individual per diem item for relatively few people.

Mr. HARDY. Surely it is not a new problem. You must have seen the problem over there before. Somebody must have seen it. Now, we bring it up. I don't know whether we can—it is liable to crop up again if we don't put it in law.

Mr. GAVIN. I make a motion that the statement as presented by Mr. Blandford be accepted as the section and ask for action by the committee.

Mr. BENNETT. Second it.

Mr. RIVERS. You have heard the motion.

Mr. KILGORE. In connection with that matter, let me ask whether or not the preservation of the reference to Hawaii and Alaska here doesn't deserve an examination, in light of the subcommittee's action earlier today.

Mr. HARDY. If it is in there it ought to be taken out.

Mr. BLANDFORD. It is in there. I emphasized the word "Hawaii" when I read it.

Mr. HARDY. I move it be eliminated.

Mr. RIVERS. The motion is—and I think we are kind of rountable on this—we can agree to make it consistent with what we did earlier today, and put the motion duly made and seconded. As many as favor the motion stated by Mr. Gavin, say aye; opposed, no.

It appears to the Chair the ayes have it.

Mr. BLANDFORD. This is with Hawaii in?

Mr. BENNETT. Make it consistent with what we did today.

Mr. BLANDFORD. Strike Hawaii out.

Mr. RIVERS. That is right.

Mr. BENNETT. That is right.

Mr. RIVERS. What is the other thing? On page 32, Mr. Blandford, go to page 32.

Mr. BLANDFORD. Yes, sir. I am just looking at what happens if we take Hawaii out of here.

Mr. RIVERS. Don't uncover anything else. We are getting along pretty good.

Mr. BLANDFORD. All right. Now the next section is "Advanced movement of dependents and baggage and household effects." There is no question that this is a reasonable suggestion on the part of the Department of Defense. However, it was a separate item included in the bill, not a recommendation of the pay panel study, and I recommend that this be introduced as separate legislation.

Mr. RIVERS. Without objection.

Now, the next section we already have introduced, haven't we?

Mr. BLANDFORD. The next section has already been introduced on "Travel and transportation allowances under canceled, revoked, or modified orders." The chairman has already introduced a separate bill on this section. This is section 19, on page 35.

Mr. RIVERS. That takes us to page 38.

Mr. BLANDFORD. "Readjustment payment for members involuntarily released from active duty."

This appears at least to me to be a career management program. This is the question of paying readjustment pay to men who are not reenlisted, and since it is a quality control problem—

Mr. LONG. What page?

Mr. BLANDFORD. Page 38, Doctor.

And since there is a lot of question in some people's mind as to whether this might not encourage people to get out rather than stay in it ought to be deleted.

Mr. RIVERS. If we leave this section here it will encourage them to get out, it looks like to me. Colonel, what do you think of that?

Colonel BENADE. I don't agree, sir.

Mr. RIVERS. Why don't you agree?

Colonel BENADE. I don't agree because the only way a man could get this payment is to volunteer to stay in. That is the essential that makes him eligible.

Mr. RIVERS. It looks to me like the reason you put it in, you want to make it consistent with what we did for the Reserves.

Colonel BENADE. Not only that, sir. It is true that it has always been the concern of this committee to keep things generally equal between groups. That entered into it. But the major reason is the belief that if an enlisted man has given at least 5 years of continuous and honorable service, and if for reasons beyond his control he is refused reenlistment and is told, in effect, "We are sorry, but we don't need you any more," he should receive a readjustment payment to help him get settled in civilian life.

What it does is hold out to the enlisted man an assurance that "after you have served for 5 consecutive years, if for any reason beyond your control you are involuntarily released, you have the assurance that you will get a reasonable readjustment payment."

Mr. RIVERS. That could be the first enlistment.

Colonel BENADE. No, sir; it would normally be longer than that.

Mr. BENNETT. I would like to give you an illustration from my district which was very touching to me. A young man had been in the Air Force for 15 years as an enlisted man, and they raised the IQ requirements, and this man was not allowed to go back into the service, after 15 years. This, to me, was a very, very sad thing, and at least would have given him something. So I think this is a very good provision.

Mr. RIVERS. We aren't going to argue about it.

Mr. GAVIN. What is the amount suggested?

Secretary PAUL. There is no money in the bill for it. As Colonel Benade said, this is more a prospective problem at the moment.

Mr. HARDY. It is not the kind of thing that will get us into an argument on the floor.

Mr. BENNETT. I am alarmed to know there isn't any money for it. I don't think this man would be very relieved if he doesn't get any money. What is he going to get, a diploma?

Mr. BATES. What do you mean "there is no money"?

Mr. BLANDFORD. There is no money in the budget for it.

Mr. BENNETT. But it will require payments by the Government.

Colonel BENADE. Only if any members are released who meet the provisions of this section. We do not anticipate any such release of military members in 1964.

Mr. GAVIN. They would have to have a purpose for not accepting his reenlistment.

Mr. RIVERS. I think this is all right.

Mr. GAVIN. How many similar cases would you say you have had in the last year or so?

Colonel BENADE. None that I know of, except Mr. Bennett has pointed up a case. I don't know of any.

Mr. GAVIN. Then I think some money ought to be put in to give him a chance to rehabilitate himself. If he has no money and can't find a job under today's circumstances then he is dependent upon his relatives or on a charity of some kind to keep moving on in life, and I think some consideration ought to be given to him, in view of the fact that there are so very few cases of this nature, some stipulated amount that he is to receive when he is separated from the service, in view of the fact that they would not accept his reenlistment.

Colonel BENADE. Under this section, it would be 2 months of pay for each year of service that the individual has completed—

Mr. RIVERS. Same as Reserves.

Colonel BENADE. Yes, sir.

Mr. RIVERS. Let's go to the next section.

Mr. BATES. What are you doing with that one; leaving it in?

Mr. RIVERS. Leaving it in, without objection.

Mr. BATES. Just record me against it.

Mr. RIVERS. All right, Mr. Bates is against it.

With objection, one objection.

Mr. GUBSER. Two objections.

Mr. BLANDFORD. Two objections.

Mr. RIVERS. Mr. Bates, if you have any objection we won't pass it.

Mr. BATES. No, let it go, but I think we are going out of the way trying to find something like that.

Mr. BLANDFORD. I think there are some factors in here not being considered.

Mr. RIVERS. The only thing I can see that would cause us a lot of trouble is if we had a wholesale disarmament.

Mr. BLANDFORD. Plus the fact of the man going up to his commanding officer and saying "I will volunteer to enlist but you decline to permit it tomorrow."

Admiral SMEDBERG. May I throw a little light on this?

In the Navy we have a tremendous reenlistment rate of our stewards. They are reenlisting at the rate of over 90 percent. Now, in the event we should feel we have to increase promotion opportunities to the stewards' rate, we might say "We have to refuse to reenlist some of you stewards at 12 years." If we did that, then this would provide some money for many. They do a splendid job, and I think it is a splendid thing to have in the bill, although right now we don't use it.

Mr. BATES. It is good, but you don't need it.

Mr. RIVERS. I don't think it will tear up the United States. Let's leave it in.

Mr. GAVIN. I don't think you would have very many cases, and I think it is showing some consideration to the man.

Mr. RIVERS. Let's give it a chance.

Mr. GUBSER. I hope we are not considering a bill 4 years from now to correct the abuses coming from this.

Mr. KILGORE. I would like to hear Mr. Blandford.

Mr. HARDY. This thing bothers me, raised by Mr. Bates and Mr. Gubser. Suppose we lowered the ceiling on personnel in the military service and drop them down substantially?

Mr. RIVERS. That is the only way I can see.

Mr. HARDY. Then we have a whole bunch of people going out at one time, you are going to have all this separation pay. What about that?

Secretary PAUL. Yes, sir.

Mr. RIVERS. That is a fact of life.

Mr. GAVIN. It is a possibility.

Mr. RIVERS. It hasn't happened since 1941.

Mr. HARDY. I don't know. I don't feel too strongly about it one way or the other, but I am not at all sure we shouldn't include this with some of these other things—

Mr. GUBSER. This is no more important than the —

Mr. GAVIN. Let me tell you this. In World War I when we were separated from the service, if I recall correctly, we got our railroad ticket back to our hometown and a \$60 separation allowance—\$60. And if you couldn't, when you got back home, find a job, or you had no family, you were dependent upon charity until you got a chance to secure a position and they went out by the thousands with that ticket back home and \$60. So you are talking about a wholesale separation from the service. We are trying to appeal to the youth of America to enlist in the service and therefore I think that this proposal is in order. I think that this should be encouraged.

Mr. GUBSER. I think this could be separate legislation, just as the Hump bill was. The same principle is involved.

Mr. KILGORE. I would like to ask counsel to comment on it, if there is no objection to it.

Mr. GAVIN. Is that right? Are my figures right on World War I?

Mr. RIVERS. Absolutely. Go ahead.

Mr. BLANDFORD. Mr. Chairman, I don't like to be a dog in the manger on this section, but it seems to me that we have spent a great deal of time talking about the retention of those with critical skills and retraining people. Now if ever I saw a provision in a bill that is going to encourage people not to retrain in critical skills, this is it.

Believe me, you are going to encourage people who are in surplus

skills not to retrain in the critical skill area, because you are going to give them the offer of a separation pay which is going to be very lucrative. I think personally it is a serious error. That is all I have to say.

Mr. BENNETT. It is pretty persuasive.

Mr. BATES. It just is diametrically opposed to everything else we have done.

Mr. HARDY. Move it be deleted —

Mr. GUBSER. I will move it be deleted, or why don't you do it?

Mr. GAVIN. Somebody is going to read the record anyway, so you might as well be known as to what your position is on it.

Mr. RIVERS. What is the pleasure of the committee?

Mr. GUBSER. Just to bring it to a test, I move it be deleted.

Mr. BATES. Second the motion.

Mr. RIVERS. As many as favor the motion by Mr. Gubser will signify by raising his hand. Six.

Opposed?

Mr. BLANDFORD. Six for, two against. Deleted.

Mr. RIVERS. That turns us to the effective date, and rather than having a lot of people turning to hospitals and doing all things to be kept on beyond the effective date, Mr. Vinson and I thought it would be a good idea to let anyone separated during this calendar be covered by this bill; isn't that right?

Mr. BLANDFORD. Yes, sir; anybody who is retired during this calendar year will be able to draw retirement pay under the new proposed pay scale, so we don't have a mad effort to beat the effective date or go beyond the effective date.

Mr. RIVERS. Without objection.

Mr. BLANDFORD. I missed the uniform allowance, Mr. Chairman. Somewhere along the line we have passed over uniform allowances.

Mr. GAVIN. Mr. Chairman, I know we have already acted on the separation allowance. I wonder if the Secretary would express an opinion on that to see what you think about it, these men that want to reenlist, their reenlistment is refused and they are separated from the service right now, he goes out. What do you think he goes out with if he hasn't accumulated something in the service? Do you think it is right when a man wants to reenlist after he has been in 3 or 5 years and the service will not accept him, that we separate him and move him out without some emolument or money, bonus to find his place in life again?

Secretary PAUL. No, sir; in that situation I think he is entitled to something.

Mr. BATES. How come they didn't put any money in the budget for it?

Secretary PAUL. Because, Mr. Bates, it is not a problem that the services said they had any immediate plans of implementing.

Mr. RIVERS. When you find the problem, send a bill up here.

Mr. BATES. You let people go every day in the week now, don't you?

Secretary PAUL. In this category of those who have served this 5-year minimum period of time and who volunteer for reenlistment and are at that point separated, I don't know of any.

Mr. BATES. Don't you refuse today to reenlist certain people?

Mr. RIVERS. Certainly, all the time.

Mr. BENNETT. Yes; you raised your standards and that makes it impossible.

Mr. BATES. Wouldn't those people come under this provision?

Colonel BENADE. No, sir.

Mr. BATES. Why?

Colonel BENADE. This would modify existing law. Existing law already spells out certain categories of members who are excluded from the benefit of a readjustment payment. In addition, by another provision in this bill, only those members otherwise eligible for immediate reenlistment would be entitled to a readjustment payment if they are denied reenlistment through no fault of their own. The limitation of being eligible for immediate reenlistment means that the member must be otherwise acceptable except that denial of reenlistment is for reasons beyond the man's control.

Mr. BENNETT. You mean you could raise your standards and get rid of him anyway, you wouldn't take care of my man, anyway.

Colonel BENADE. No, sir; it would. A denial of reenlistment for the reason you mentioned is one of the situations at which this provision is aimed.

Mr. RIVERS. The committee was persuaded by Mr. Blandford that this would discourage retraining, and that is the sum and substance of it. Let's get on.

Mr. BLANDFORD. I have left out uniform allowances. The effective date as proposed is the first day of the first month after enactment.

Mr. RIVERS. That is right; first day of the first month after enactment.

Mr. BATES. Is there any problem?

Mr. RIVERS. I think the Secretary expects this.

Mr. HARDY. I don't expect you are going to get an agreement from him.

Secretary PAUL. It is not a great surprise.

Mr. KUGORE. Some shock, but no surprise.

Secretary PAUL. There may be an administrative problem in the speed with which we can adjust to the new rates in this legislation. Exactly what the time frame will be will depend ultimately on what Congress does and how substantial or complicated a bill this is when final action is taken.

Mr. BLANDFORD. On the bottom of page 26, there is provision to provide uniform allowance for regular officers. Now the theory behind this, as I understand it, is that Reserves get it and Regulars do not, and Regulars ought to get it; \$250 is suggested for all officers. There is not a great deal of money involved, but I am afraid, if I may say this off the record—

(Discussion off the record.)

Mr. BLANDFORD. If this item is of sufficient importance again, it ought to be handled in separate legislation and not be a part of this pay provision here.

Mr. GUBSER. Russ, what is so complicated about the regulations?

Mr. BLANDFORD. It is not complicated; just say a Regular officer would get it as far as that is concerned. As a matter of fact, I don't want to differ with the Secretary on the regulations, but I would dare say that the regulations for this pay bill, from what we have done here now, could be put into effect in 30 days and I don't think we will have any particular problem with regulations on implementing a pay bill.

But I do think this uniform allowance provision is a provision that could be troublesome. When we start providing a uniform allowance for Regular officers, we may have difficulty on the floor of the House.

Mr. LONG. Where is this?

Mr. BLANDFORD. Bottom of page 36. This is just a single payment of \$250.

Mr. GUBSER. For an officer once in his career.

Mr. BLANDFORD. For an officer once in his career.

Mr. GUBSER. Why be chintzy about it?

Mr. BLANDFORD. Why have a provision in the bill that is going to cause difficulty?

Mr. HARDY. How much does it cost?

Mr. BLANDFORD. I think it is \$4 million.

Admiral SMEDBERG. Might I speak to it, sir?

Mr. RIVERS. Yes.

Admiral SMEDBERG. I have been Superintendent of the Military Academy. Our midshipmen always graduate in debt. They can't buy their uniforms with the money permitted them at the Academy. The ROTC regular who comes in with a commission, these youngsters can't buy their uniform allowance with anything like the money they can accumulate.

Mr. GAVIN. While at the Academy?

Admiral SMEDBERG. No sir; and also at any university where they come in under the regular ROTC program.

Mr. RIVERS. The Holloway plan?

Admiral SMEDBERG. Yes, sir. These youngsters are not paid enough really to enable them to get out of debt in the next 4 or 5 years. We encourage our officers to stay out of debt; yet we don't permit them to, by requiring them to buy two uniforms.

Mr. GAVIN. May I ask you this question?

Admiral SMEDBERG. Yes, sir.

Mr. GAVIN. The number of uniforms they have to buy and approximately what would you estimate the cost now?

Admiral SMEDBERG. I would say, sir, it is \$700 and \$900 initial cost of the outfit.

Mr. GAVIN. And he has to have his uniform?

Admiral SMEDBERG. Yes, sir, he has to have his uniform when he reports.

Mr. GAVIN. So he has to get \$700 or \$900 from some place to get the uniform?

Admiral SMEDBERG. Yes, sir.

Mr. GUBSER. Admiral, what is the retention rate of Annapolis graduates after the first 4-year hitch, approximately?

Admiral SMEDBERG. It is over 80 percent, sir.

Mr. GUBSER. Would you say it could be even higher if some of these fellows didn't have financial difficulties in the first 4 years of their service career?

Admiral SMEDBERG. I wouldn't want to say that, sir, really.

Mr. GUBSER. Certainly this uniform allowance or this problem of going into debt doesn't encourage a man to stay in the Navy.

Admiral SMEDBERG. That is right.

Mr. BENNETT. ROTC retention.

Admiral SMEDBERG. I can't say it would make that much difference.

It would certainly relieve the man, particularly if he is going to be married, to know he isn't going to be as much in debt with the uniforms we require him to buy. I think it is a most important part of this bill.

Mr. GAVIN. He must have a complete set of uniforms?

Admiral SMEDBERG. Yes, sir.

Mr. LONG. Mr. Chairman.

Admiral, I am not quite clear in my mind why a young man coming out of the Naval Academy should be so heavily in debt quite aside from the amount of money he would have to spend on uniforms. In what sense is he in debt any more than anyone else getting out of college? He has gotten a good education, pretty well free or don't I understand the situation?

Admiral SMEDBERG. The young man getting out of college has to buy everything on his own, except if he is a Reserve, he does not get a uniform allowance. What I mean is that the pay of the midshipmen at the academy is not sufficient to enable him to save up from his required expenses enough to pay for his uniforms when he graduates.

Mr. LONG. But I got the impression from you that he was in debt quite aside from the uniform aspect.

Admiral SMEDBERG. No, sir. When he buys his uniforms, he will be in debt.

Mr. LONG. But don't you think there is something to be said for the fact that he has gotten quite a good and quite an expensive education?

Admiral SMEDBERG. Yes, sir.

Mr. LONG. At Government expense and from that point of view, is somewhat better off than most young men who get out of college?

Admiral SMEDBERG. Yes, sir, I agree, but this would also apply to the young man who graduates from the NROTC regular program; he would also get his help toward his uniform allowance which has to be the same as the others.

Mr. GAVIN. But you feel quite certain while he is at the Academy, that he is not paid sufficient money to accumulate, to buy his uniforms when he graduates from the Academy?

Admiral SMEDBERG. That is correct, sir. He either gets the money from home or he goes in debt.

Mr. GUBSER. What percentage of your new ensigns are reservists?

Admiral SMEDBERG. I can say this, in each year, the output from the Naval Academy is only 6 percent of all the officers we get that year in the Navy, 6 percent today.

Mr. GUBSER. What?

Admiral SMEDBERG. Yes, sir; 6 percent of the new input of officers into the Navy in one year, today, are from the Naval Academy.

Mr. BLANDFORD. Eighty-one percent of your new ensigns are reservists if I am not mistaken?

Mr. GUBSER. In other words, the majority of new officers are getting a uniform allowance and the Annapolis graduates are penalized where they don't?

Admiral SMEDBERG. Well——

Mr. GUBSER. I said majority.

Admiral SMEDBERG. Majority, yes, sir. But the NROTC regular is also being penalized; he is not a Naval Academy graduate.

Colonel BENADE. In the Army the distinguished military graduate is also penalized by virtue of accepting a regular appointment. He does not receive a uniform allowance but the reserve officer who comes on and may stay on for 20 years, does receive a uniform allowance.

Mr. RIVERS. Let's finish with the Admiral first.

Admiral SMEDBERG. I would like to say one more thing. This bill would also benefit the enlisted man who goes to an officer grade who today does not get any allowance for his uniform. He is a regular, if he goes to officer, this would also give him the allowance.

Mrs. RIVERS. Now, what is your statement?

General HEWITT. Mr. Blandford said this was addressed to graduates of the Academies. They are the people who take a regular commission initially. We have many who are not Academy graduates and you have a situation where a graduate of a college ROTC, the man who accepts a regular commission, gets no allowance, the man who is ordered to active duty presumably for 2 years gets the allowance.

So you have a different status on graduates where the man who accepts a regular commission is penalized.

Mr. HARDY. I am glad to go along with this thing, but I would like to have an explanation as to why you are changing the amount.

Mr. RIVERS. From \$200 to \$250.

Secretary PAUL. Mr. Chairman.

Mr. RIVERS. Mr. Paul?

Secretary PAUL. At the present time, an enlisted man of the Navy, Marines, or Coast Guard appointed a temporary officer is entitled to a \$250 allowance. Also, a commissioned officer in the Public Health Service in pay grades O-1, O-2, or O-3 receives \$250.

Mr. RIVERS. You are making it consistent?

Secretary PAUL. Yes; making it consistent.

Mr. RIVERS. Without objection—

Mr. BATES. Mr. Chairman, I was on the Board of Naval Visitors last year, had an opportunity to look over the figures for many years, and I think the midshipmen are in worse shape now from the point of view of clothing, as they have ever been. I understand this is the same thing at West Point. We have made no allowances whatsoever in this bill for midshipmen.

Mr. BLANDFORD. They will receive an automatic increase as a result of increasing the pay of second lieutenants. They get half the pay of second lieutenants.

Mr. BATES. Didn't we used to have this in the bill?

Mr. BLANDFORD. We used to; but now it is automatic. It is half the pay of an O-1.

Mr. BATES. When did we do that?

Mr. BLANDFORD. 1955 is my recollection.

Mr. GAVIN. May I ask the general what a second lieutenant's salary is when he goes into the service graduating from the Military Academy.

Mr. GUBSER. Under this bill—

Mr. GAVIN. Under this bill or at the present time.

Admiral SMEDBERG. It is \$268 for the ensign.

General HEWITT. The same, O-1 entering salary, \$268 a month.

Mr. HARDY. I move we leave this section in.

Mr. RIVERS. Without objection.

Mr. STRATTON. Mr. Chairman——

Mr. HUDDLESTON. Mr. Chairman.

Mr. RIVERS. Mr. Huddleston. I have to go according to seniority.

Mr. HUDDLESTON. I would like to know if this section as it is written would cover all regular officers now on active duty who have never served in a reserve status.

Mr. PAUL. No, sir; it would not.

Mr. HUDDLESTON. Just new officers?

Mr. PAUL. From now on. It is not retroactive.

Mr. RIVERS. Mr. Stratton.

Mr. STRATTON. I would like to ask the admiral a question. What is the retention ratio of those in the NROTC, regular?

Admiral SMEDBERG. It has gone up to the highest this year in history, almost 32 percent.

Mr. STRATTON. Is the legal status of a midshipman in the regular NROTC program the same as a status of the midshipmen at the Naval Academy?

Admiral SMEDBERG. Exactly the same.

Mr. STRATTON. Both during his tenure as a student and upon his assuming a commission.

Admiral SMEDBERG. I can't say that it is during the time he is a student because he is not under the strict regulations but on graduation——

Mr. STRATTON. Is he a midshipman in the Naval Establishment?

Admiral SMEDBERG. He is not a midshipman in the U.S. Navy the way the man at the Naval Academy is; no, sir. But after they graduate they both get regular commissions, each has to serve 4 years before he may even submit a request for resignation.

Mr. STRATTON. We passed a bill in the last Congress, did we not, that required him to initiate specific action to get out rather than to elect to stay in?

Admiral SMEDBERG. Yes, sir, I think that was extremely helpful in this retention rate.

Mr. STRATTON. One other thing. On this 6 percent, this is an amazing figure. Do you mean to say that 94 percent of the officers who come in in any 1 year are the products of ——

Admiral SMEDBERG. Other than the Naval Academy.

Mr. STRATTON. NROTC and OCS.

Admiral SMEDBERG. No, sir. You have doctors, dentists, limited duty, you have ROC's, NISEP's, you have all kinds of different classes of officers. I will send you up a little something on it, it is very interesting.

Mr. STRATTON. Thank you very much.

Mr. RIVERS. Send that up to Mr. Stratton now.

We have two other things. One of them is to agree on the generals. Read that.

Mr. BLANDFORD. Yes, sir. I would like to tell you what their present pay is.

Mr. RIVERS. You read us what we agreed on.

Mr. BLANDFORD. We agreed on alternative No. 1 and what I have to say has to be summarized this way: You have got three five stars and three four stars, now drawing special pay and allowances under

special acts of Congress. You have to be very careful how you word this because the four stars, that is General Spaatz, Admiral Spruance, and General Vandergrift draw different amounts because their pay is attached to that of a major general plus the allowances of 22. Strangely enough the five stars is attached to the pay of major generals under the act of May 1946. So you have got to be careful that you don't end up giving the four stars a substantially bigger increase.

Mr. RIVERS. We figured that all out the other day. Let's not get back into that.

Mr. BLANDFORD. All right. I suggest that we increase Generals MacArthur, Bradley, and Admiral Nimitz from their present pay of \$20,543.36 a year to \$24,186.56 a year. In other words, we let them draw the basic pay and allowances of a major general under the 1958 pay scales, including the quarters allowance under the increase that we put into effect in 1962, the special allowance of \$416 and the subsistence allowance of \$47.88 as a monthly pay which would be \$215.55 a month which would give them a total annual pay of \$24,816.56.

Now, for General Spaatz—

Mr. HARDY. Just give us the total or we will get all bogged down.

Mr. BLANDFORD. OK.

Mr. RIVERS. Just take—MacArthur gets how much?

Mr. BLANDFORD. Now gets \$20,543.

Mr. RIVERS. What about Spaatz?

Mr. BLANDFORD. He would get \$21,386.

Mr. RIVERS. That is each category represented?

Mr. BLANDFORD. Yes, sir.

Mr. RIVERS. So that is the question.

Mr. BLANDFORD. That is the question.

Mr. HARDY. Have you got the language prepared to do it?

Mr. BLANDFORD. I don't have it but I will get it.

Mr. RIVERS. We agree that people of Spaatz' vintage won't be ahead of people of MacArthur's vintage, is that right?

Mr. BLANDFORD. That is right.

Mr. HUDDLESTON. Would either group be ahead of General Eisenhower?

Mr. BLANDFORD. No, because he draws the \$25,000 as ex-President.

Mr. GUBSER. Former President.

Mr. HUDDLESTON. The allowance is not in there.

Mr. BLANDFORD. No. As a matter of fact, it works out very nicely. General Eisenhower gets \$25,000; the maximum anybody gets is \$24,186. So he still is ahead.

Mr. BENNETT. We allowed them to get all these allowances.

Mr. STRATTON. May I ask Mr. Blandford, President Eisenhower has elected to take his pension as a retired President rather than as a General of the Army?

Mr. BLANDFORD. He elected, when I say that—this is off the record. (Discussion off the record.)

Mr. BLANDFORD. We have one remaining question.

Mr. RIVERS. The basic pay feature.

Admiral SMEDBERG. I didn't want to delay this, sir, but I did want to

point out that Admiral Nimitz is the only five-star officer who has stayed on active duty—consistently turned down all jobs—so there would never be a question of conflict of interest, has maintained himself ready to be a consultant for the Secretary of the Navy and for that reason I think he should be recognized as a man who has not gone out for himself but has kept himself available for the service.

Mr. RIVERS. I might also add he has taken many, many special jobs for the services.

Admiral SMEDBERG. That is right, with no compensation.

Mr. RIVERS. Not a nickel. I want that to be on the record.

Mr. GAVIN. We are quite proud of Admiral Nimitz. He turned in a very magnificent performance, both in time of peace and time of war and he has earned and deserves the hearty commendation of the American people and the Navy can well be proud of Admiral Nimitz.

Admiral SMEDBERG. We are, sir.

Mr. RIVERS. Let's go back to the basic pay.

Mr. BLANDFORD. Now, to basic pay, Mr. Chairman. We have now, by adopting the subsistence allowance provision for officers, we have now reduced the amount proposed for officers by the difference between \$3.12 and the \$29 that they would have received had we incorporated the \$77 subsistence allowance.

Now, if the Department was correct in its recommended remuneration for officers, if it is correct that some of these officers need increases ranging close to \$100 a month in order to retain the quality of officers we want, then I submit to the subcommittee that you might wish to consider increasing the basic pay scales of all officers by \$30 a month, all officers and warrant officers. This would then give them a total increase in subsistence and pay, this does not include the basic pay increases already recommended, but this would give them a total increase of \$33.12 as opposed to the \$29 increase in subsistence. Now, again, just to refresh your memories, the \$29 is tax free. The \$33—the increase of \$30 would be taxable. You can figure 20 percent of that is taxes. So if you take 20 percent of \$30 you have, I hope ---

Mr. LONG. \$6.

Mr. BLANDFORD. \$6 off that—\$24. You add \$3.12 to the increase in subsistence allowance and they are coming out very close to take-home pay recommended. Now, what we make on the income tax return we lose on the retirement increase. Now, bear in mind that not everybody on active duty continues on. As a matter of fact, very few people, in comparison with those who start out, continue on to retirement. Now, whether the committee wishes to do this or not, I do not know. The cost involved---

Mr. RIVERS. I don't like to say what we gain or what we lose. These people are either entitled to it or not---

Mr. HARDY. This is just as wrong as it can be to talk about them in this light. The subsistence is to pay them for subsistence.

Mr. RIVERS. Basic pay is something based on outstanding merit and ability that goes with it, qualifications of the young man.

Mr. BLANDFORD. May I ask Mr. Paul a very fundamental question in that case.

Mr. RIVERS. Go ahead.

MR. BLANDFORD. Am I correct, Mr. Paul, that the reason the \$29 subsistence increase was placed in this bill was to couple that with the basic pay increase so that the take-home pay of the officers involved would be the amount that you considered necessary to bring about the retention of officers you feel is required for our armed services?

MR. PAUL. I would state it slightly differently, but fundamentally that is correct. We took a look at the total take-home pay of all officers in trying to assess the amount of compensation they should receive. We did this for the enlisted grades as well. As to the amount of the subsistence increase we recommended, although we felt it was justified as a subsistence increase, it was simply regarded as part of the total take-home pay. This is the reason why we proposed what we did for the officers. We very much included that as a part of their compensation. Therefore, Mr. Chairman, we feel more strongly about restoring the officers' compensation to where it was than any other aspect of this bill.

MR. HARDY. Mr. Chairman, if I could comment very quickly on that, that is just like padding your expense account. I think it is just as phony as I think it is absolutely wrong to try to accomplish an increase in pay through a fictitiously built-up subsistence allowance. I think, by jingo, that it is misleading.

MR. BENNETT. He won't do it again.

MR. HARDY. It offends my sense of equity and reason.

MR. PAUL. Well, there is a lot in the whole subsistence payment system, Mr. Hardy, that makes sense or doesn't make sense, depending on any number of interpretations one wants to put on it.

MR. HARDY. Are you suggesting that an officer's subsistence figure of \$51 won't pay his subsistence cost in an officer's mess?

MR. PAUL. I would say for a large percentage of the officers who have to eat under those conditions, no, it would not.

MR. HARDY. If it doesn't pay a subsistence cost in the officer's mess then it ought to be adjusted to do that, but you ought not to reach in the pot and just put in a figure in a subsistence allowance in order to build up a man's basic take-home pay. I think it is wrong. I think it is ethically wrong.

MR. GAVIN. Would the gentleman yield?

MR. HARDY. I am through.

MR. RIVERS. Dr. Long asked for the floor.

MR. LONG. I was just recalling Mr. Blandford's point the other day, the difference between the cost of living and the standard of living. We talk about percentage increases in your subsistence based on changes in the cost of living living, and this is technically true, but if you had started out 100 years ago with a certain figure of what it cost a person to live and if you had just made your changes over that time on the basis of what the cost-of-living index had shown, you would have a mighty low subsistence allowance at the present time. What we do during that time is to make adjustments also to take account of the standard of living.

MR. BLANDFORD. But not in subsistence. In basic pay that is true, but not in subsistence. The difficulty with this, Mr. Chairman, and unfortunately this is—Mr. Paul and Mr. Hardy are in my opinion

both correct in their approach—but the trouble with this thing is that there is nothing sacred about the \$47.88.

Mr. BATES. Never has been.

Mr. BLANDFORD. Let me tell you what happened on that. Officers at one time used to get three allowances of \$21, \$21, and \$21, then when they got to colonel they cut them down to two because because presumably the families were grown up and had left. Then we decided in 1949 to give one allowance of \$42. Let's assume that \$42 was correct. I frankly don't know if it is correct. But let's assume it is. Then in 1952 we passed a bill in this committee, right in this room, to increase basic pay and subsistence by 10 percent across the board.

When we came out of conference we had increased basic pay 4 percent and allowances 14 percent.

I am saying if you make any assumption as being correct, if everybody has been relatively happy since 1952 with \$47.88, and the cost of food has gone up 6 percent since 1952, then we ought to increase it to \$51. But I would agree with Mr. Hardy that the whole thing is cockeyed.

I can say in the Navy, we have these figures, there are wardroom messes on aircraft carriers where the mess bills are under \$35 a month.

Is that not correct?

Admiral SMEDBERG. Yes, sir.

Mr. BLANDFORD. All right, \$35 a month. That means the officer pockets the difference. Therefore that \$47.88 is more than the cost of food. There are nine messes in the Air Force where they are checked the full amount of their allowance, which is \$47.88. There are other officers' messes where they have to pay \$2 a day.

Admiral SMEDBERG. \$60 a month in some messes.

Mr. BLANDFORD. All I know is that this is the most hodgepodge collection of stuff I have ever seen in my life.

Mr. BATES. Mr. Chairman——

Mr. RIVERS. Wait.

I think you also get into comparability. Then somebody is going to say civil service don't get this and don't get that, then we get into the retirement and subsistence and we are trying to give the man something he can take home. If you try to evaluate all these contradictory statutes I don't know where it is going to leave us.

Mr. GAVIN. Mr. Chairman——

Mr. RIVERS. I would prefer what Mr. Hardy said, if he could, put it down where you can read it—that is, the basic salary—and face the issue once and for all.

Mr. BLANDFORD. I think one of these days it is going to have to be considered as part of basic pay.

Mr. BATES. I agree with Russ. As a matter of fact, I was going to cover the same territory Russ covered.

This is my 14th year in the Congress. When I was in the service I was getting \$63 a month for subsistence. This is 14 years ago. So when we get a figure of \$77 today compared to \$63 14 years ago, you can't say that is too high, you can't say that.

Now we have never equated all of these various things.

Mr. RIVERS. You can't equate them.

Mr. GAVIN. Mr. Chairman——

Mr. BATES. But I don't think the \$77 figure is out of balance.

Mr. BARRETT. Let's put the \$30 in the pay.

Mr. GAVIN. Mr. Chairman—

Mr. RIVERS. Have you finished?

Mr. BATES. I don't know where we should put it.

Mr. BLANDFORD. \$30 would go to all the basic pay scales. You would increase the cost of the bill by \$131 million.

Mr. RIVERS. Is this what you suggest?

Secretary PAUL. It would cost more to do it that way but it is certainly a clear way of identifying their salary.

Mr. RIVERS. I don't think we should encourage getting away from the tax obligations, because I sure don't have any encouragement in my small salary.

Mr. GUBSER. It will increase retirement.

Mr. BENNETT. What does the same amount of money cost more in one section than in another?

Mr. RIVERS. It is subsistence, not taxable.

Mr. BLANDFORD. No, sir, Mr. Bennett has a point.

Mr. RIVERS. Let Mr. Bennett—

Mr. BENNETT. He knows the question.

Mr. BLANDFORD. You add \$30 across the board, and also increase subsistence by \$3.12 for officers, so there is \$13 million.

Now when you count the Reserves who draw basic pay, one-thirtieth of a day of basic pay, when you increase basic pay the Reserve costs go up just that much more. In this case, \$1 a day, one-third of that would be 33 cents for each Reserve duty officer drawing drill pay or on active duty.

Mr. BENNETT. You ought to reduce the \$30 by that \$3.12.

Mr. BLANDFORD. No. This is why I started out earlier talking about them together, because I had to relate the \$120 million to this \$131 million in the basic pay scales, because you don't pay reservists subsistence allowance when they are in active duty training.

Mr. BENNETT. I understand that. But that thing about subsistence ought not to be an extra cost in there, it ought to be knocked out of the \$30.

Mr. BLANDFORD. The only reason is to be fair to the individual. I just suggest that this subcommittee did not want to report a bill that would reduce officers below that which the Department had recommended, and you would be doing that.

Mr. BENNETT. I don't want to do that either.

Mr. BLANDFORD. No. \$29 of tax-free money is better than \$30 of taxable money.

Mr. BENNETT. You have sold me, I am for the whole amount.

Mr. HARDY. Let me—

Mr. RIVERS. Mr. Gavin asked for the floor.

Mr. GAVIN. I am not looking at the amount of money concerned in this. What I am looking at is you got the membership there on the floor of the House, they haven't been listening to these discussions and debates of these various problems. The first thing they are going to do is to turn to this pay scale and they are going to say "Well, here is the officer, he is going to get \$77 a month, and the boys get \$37.50 a month."

Mr. BLANDFORD. It is not \$77, it is going to be \$51.

Mr. GAVIN. But the proposal brings it up to \$77.

Mr. BLANDFORD. No, sir.

Mr. GAVIN. Say it is \$51.

Mr. BLANDFORD. It is.

Mr. GAVIN. And they are going to start to make comparisons, you see. They won't vote on their knowledge of the particular subject, but they will vote their feelings that maybe an injustice is being done the enlisted men, and they ought to bring the cost up higher for the enlisted men rather than the general officers.

Mr. BLANDFORD. When you tell them that you are spending \$69 million for more enlisted subsistence than the Department proposed they may feel better about it.

Mr. GAVIN. They may and I hope they do feel better, but I am just saying what they will look at, they won't read the bill or the hearings. Many of them will, but some of them won't. And they will just start to make comparisons and then we may find ourselves in some difficulty.

Mr. BLANDFORD. This will depend upon the ability of the subcommittee, of course, to indicate the changes that have been made, wherein we have improved the bill considerably for enlisted personnel.

Mr. GAVIN. You will have to give us some good sound solid arguments on all of these changes being made so we will be able to—

Mr. BLANDFORD. I expect to devote a good deal of time doing exactly that.

Mr. HARDY. I feel sure you will do that.

Mr. GAVIN. Do you think, Mr. Hardy, the thought I had there —

Mr. HARDY. I think it is a fine thought and I think Mr. Blandford will help us get together a lot of support for these points.

Mr. RIVERS. That is why we are going to allocate to members specialists on this bill because it is complicated.

Mr. HARDY. I don't want my point earlier to be misunderstood. I am perfectly agreeable to going along with any subsistence allowance that is necessary or that is equitable, and I am perfectly willing to get on the floor and scrap for it. But I think this is unrealistic and I don't think, if the purpose was to achieve the increase in pay, I think it is wrong and I think we would be in awful bad shape to do it.

Now in approaching the question of what you are going to do about the basic pay scale, if it is true that in computing these basic pay scales there was a deliberate effort to build into the take-home pay some residue from the subsistence, maybe we should take that into account.

But I think we must also, Mr. Secretary, take into account the fact that we have added some things in this bill that you didn't have. If you were talking about incentive to keep men in the service, certainly this separation allowance ought to be right much of an incentive and that ought to go a good ways to offsetting some of the take-home pay that you wanted to include here, because a lot of them are going to get take-home pay through your TDY and per diem. It might not be spread uniformly.

I don't know that it ought to be spread uniformly. I don't know if it would make good sense to take a specific amount of money to increase these pay rates, I don't know that we ought to make it a blanket for every individual officer.

Secretary PAUL. May I make a remark on that?

Mr. RIVERS. Yes.

Secretary PAUL. As I understand the committee's actions today, you have added a number of things to the bill. However, there is nothing

ing sacred about our judgment as to how much total compensation an officer should get versus an enlisted man. We have made our best judgment on that. I feel the net result has been to push the enlisted area up and change the balance between the compensation increases we had proposed for the officers and enlisted members. We may not have been right. This was our best judgment.

I do think without a further basic pay increase for officers, the balance is changed. Now whether it is changed incorrectly or not is something the committee must decide. We feel that our recommended distribution between officers and enlisted members on total compensation, which did include subsistence allowances for both enlisted members and officers, should be maintained.

Secretary PAUL. That is all I have to say.

Mr. HARDY. I don't know how you could arrive at a ratio between the two that you could reasonably think is a sacred thing either because you are talking now about incentive to stay in the service, aren't you?

Secretary PAUL. Yes, sir; retention is the No. 1 problem.

Mr. BENNETT. Certainly we don't feel more conservative than the Department does on this bill. Let's go ahead and put in the \$30. We are being ridiculous. We are not going to cut——

Mr. RIVERS. Would this increase the figure for O-1 to \$280?

Secretary PAUL. Yes, sir.

Mr. BLANDFORD. Yes, sir.

Mr. RIVERS. What have we put in the bill right to this point?

Mr. BLANDFORD. Let me recapitulate if I can, and I wish the Department would follow me on this, because this is going to be complicated, but if you will take a pad I will try to go through the bill.

Mr. RIVERS. Well, put down the figures, what we have added.

Mr. BLANDFORD. Yes, sir.

Mr. HARDY. I think you must keep in mind when you are doing this, some of these things may be a little more effective as an incentive to stay aboard than some of the others.

Mr. BLANDFORD. If you add \$30 to the pay scales for all officers and warrant officers, this increases it by \$132 million.

Mr. RIVERS. That is over what Department sent up here?

Mr. BLANDFORD. It should be \$135, because you have social security, severance pay, and terminal leave. So make it \$135 million.

Mr. RIVERS. Good.

Mr. BLANDFORD. Now, when you took out the section dealing with obligated versus unobligated reservists, the figure that the Department originally gave me was \$38 million; they have now modified that figure to how much?

Mr. BENNETT. \$23,880,000.

Mr. BLANDFORD. That is \$25 million more to the bill, because we did not discriminate between the obligated and unobligated reservists.

I hardly say this is our responsibility. I don't think it should have been sent over that way in the first place.

Mr. RIVERS. Add 23 more.

Mr. BLANDFORD. Yes, constructive credit, you can take a saving of \$1,718,000.

Mr. GAVIN. Minus.

Mr. RIVERS. 1.8.

Mr. BLANDFORD. Yes, sir.

Mr. GUBSER. That is a minus.

Mr. BLANDFORD. It is a saving for us, whatever way you want to look at this.

Mr. RIVERS. You have this written down on the savings, don't you?

Mr. BLANDFORD. Now, by permitting sea and foreign duty pay, by restoring it we add \$134 million; by taking out Hawaii at 41,000 people, Mr. Gorham says it is about \$6 million. So that is \$128 million we have added back in the bill.

By eliminating the unusual hardship provision, we have saved \$30 million. By putting in the family separation allowance and the per diem and everything else we have that goes with that, we have added 50 million.

Now, I might say at this point that that is the first real addition out of \$1,200 million--this is the first original thought that the subcommittee has offered. This is the only area where we really have increased anything. This is a new idea--\$50 million.

Mr. BATES. What was the one before that, unusual hardship?

Mr. BLANDFORD. \$30 million, saving.

Mr. BATES. Right.

Mr. BLANDFORD. Now, if you increase officers' subsistence from \$47.88 to \$51 a month, that is \$13 million.

Mr. HUBLESTON. That figure again?

Mr. BLANDFORD. \$13 million.

Mr. RIVERS. But the Department wanted to spend \$120 million.

Mr. BLANDFORD. Yes, sir; I will take that saving in a moment.

Mr. RIVERS. Good. We want to get the saving.

Mr. BLANDFORD. The amount that would have gone to officers with the \$77 was \$121,951,000.

Mr. RIVERS. So you add over \$121 million to the other column?

Mr. BLANDFORD. Depending on which side of the ledger you are putting these on.

Now, you increased the commuted ration for the enlisted man which is the second big thing that we have done in this bill to make it more attractive to stay in the armed services, this costs \$48 million.

Mr. RIVERS. Good; \$48 million.

BLANDFORD. Now, by increasing the \$2.57 to \$3.25 a day as we proposed it, it would have cost \$15 million. I think that that figure can be reduced somewhat by language we used which makes it subject to regulations, for practical purposes.

Mr. RIVERS. How much is that?

Mr. BLANDFORD. It can be reduced to \$10 million.

Mr. GORHAM. By \$10 million.

Mr. BLANDFORD. In other words, from \$15 to \$5 million because we now straighten out this situation where next door neighbors draw different ration allowances. We decided to put uniform allowances back in. That adds \$3,691,000 to the bill. Then we eliminated some other---

Mr. BENNETT. The \$3 million was already there.

Mr. BLANDFORD. The other elements in here come up to maybe a couple of million dollars. We eliminated travel on canceled, modified, or revoked orders; you can take a \$3 million saving on that.

Mr. RIVERS. What did we save by putting in separate legislation bills?

Mr. BLANDFORD. We haven't saved it yet, but assuming that we act on it, it will be an additional cost. That comes to a total of \$425 million.

Mr. RIVERS. 425. Now, the savings come to how much?

Secretary PAUL. I don't think you mentioned one item. The increase in the retired pay by permitting this retroactive provision.

Mr. BLANDFORD. By letting anybody who retires this calendar year recompute under the new pay scales would be \$4,700,000.

Mr. RIVERS. Now, you add up the others.

Mr. HUDDLESTON. How about the new date? That is a big item.

Mr. BATES. Yes.

Mr. BLANDFORD. The effective date nobody can guess at. I am assuming this to be a July 1 effective date.

Mr. RIVERS. Yes.

Secretary PAUL. \$300 million in the budget.

Mr. BLANDFORD. What happens is that we have increased the bill by \$429 million. We have eliminated \$153 million. We have added about \$270 million to the bill. The cost of the bill as sent over was \$1,242 million. The new total is approximately \$1,500 million.

However, I want to call your attention to the fact that of that amount of the \$1,500 million, \$134 million was in sea and foreign duty pay and we have put that back in the bill.

The 38, which I use as a figure, it is now \$23 million, was the obligated versus the unobligated reservist. So a good deal of the additional cost of this bill is simply by our refusal to eliminate benefits now in existence for service people. So I don't think it can be said that this subcommittee has been excessive in its expenditures over and above the original cost of this bill as it came over.

Mr. RIVERS. Now, adding the \$30 basic across the board, which would be \$135 million, makes it—how much if we added to the bill which we produced, counting the savings, over what the Department did, \$280 million?

Mr. BLANDFORD. The net increase now——

Mr. RIVERS. Including the \$30.

Mr. BLANDFORD. When you put the uniform allowances in you threw me way off. It now comes to a net increase, \$2,287,000. Now I have to subtract \$3,961,000 and add it on to my——

Mr. RIVERS. How much is that?

Secretary PAUL. 7.2 million swing.

Mr. RIVERS. How much have we increased the bill including \$30?

Mr. BLANDFORD. Amount \$270 million.

Mr. RIVERS. Including \$30 across the board and restoring sea pay?

Mr. BLANDFORD. Yes.

Mr. STRATTON. Don't you have to add this \$300 million by moving up the effective date?

Mr. BLANDFORD. We have been assuming a fiscal year for 1964.

Mr. STRATTON. You mean the overall cost has been assumed on the basis of a full fiscal year.

Mr. BATES. No. This is \$1,800 million for the next fiscal year.

Mr. BLANDFORD. No, sir, \$1,500 million, on a full fiscal year. If by some miracle this bill became effective on May 1, it would be more costly.

Mr. BATES. Wait a minute. Let's get it straightened out. This \$1,200 million, is the way it came up to us. We have added to it up to \$1,500 million?

Mr. BLANDFORD. Yes, sir, for a full fiscal year.

Mr. BATES. Is the 1.2 on a full fiscal year?

Mr. BLANDFORD. Yes, sir.

Mr. BENNETT. I move we approve the \$30 across the board.

Mr. HARDY. Before we do that, I raise a question—and you are going to have to bear in mind that somebody is going to look at this original bill and make some comparisons.

In view of these other changes and in view of the fact that actually instead of reducing the amount by \$30, if you do this on the basis of a \$30 increase, we reduced the subsistence, proposed subsistence allowance by \$26.

There is a question in my mind as to whether if we are still talking about what it takes from an incentive standpoint to keep them in the service, in the light of the other things we have added, there is a question in my mind as to whether we should go the full \$30.

Mr. BENNETT. Move to amend it and strike \$4. Just move to make my amendment of \$4. Substitute that and make it \$26, and we can go to these issues.

Mr. BLANDFORD. I think in answer to Mr. Hardy's questions we should note this, that the separation allowance is \$50 million.

Mr. HARDY. I know it is not taxable.

Mr. BLANDFORD. No, the separation allowance is \$50 million. Most families go with the service member or the breadwinner—

Mr. HARDY. You are talking about it in terms of dollars, I am talking in terms of incentive.

Mr. BLANDFORD. Incentive is something that you have to measure in terms of dollars.

Mr. HARDY. I understand that. But the fellow who is being separated and not getting anything for it, is the one whose morale is most affected.

Mr. BLANDFORD. Yes, and you are trying to compensate him and provide something for his family to take care of the additional expenses when he is gone. That is \$50 million. But I don't think that should be considered as part of basic pay.

Mr. HARDY. I don't have any problem with that. I am saying to you, if you are talking about incentive to stay in, about morale, the fellow who is getting the TDY without the per diem, the fellow who is separated without the separation allowance is the place at which you have got the bad morale factor. Now, if you corrected that, I think you have done a little bit more insofar as your total disposition to stay aboard is concerned than you would if you just make the across-the-board increase.

Mr. RIVERS. Let's say this, Mr. Hardy, maybe you hadn't thought of this: When they sent up the Civil Service and Post Office pay bill the committee raised it, I think, \$500 million without batting an eye.

Mr. HARDY. I thought about that. Unfortunately, we weren't on that committee.

Mr. RIVERS. We went along with that. I am willing to stand or fall on what we do here today. If we lose, we lose on a principle. If we win, we ought to win.

Mr. HARDY. I want to do that too. The point is, if you are talking about dollars, that is one thing. If you are talking about incentive, that is another factor.

Mr. BLANDFORD. You are talking about two things, morale and incentive.

Mr. HARDY. All right. You are talking about morale and incentive as against dollars.

Mr. BLANDFORD. You are talking about morale, and when you are talking about the man who is separated from his family because he is doing his duty properly, and you are talking about incentive as regards a man making the military his career.

Mr. HARDY. But you can't separate that, if you have a morale problem, on the one hand, it is also going to affect his incentive.

Mr. BLANDFORD. Certainly, if his morale is down low enough, obviously, he is going to get out of the service.

Mr. GAVIN. I feel this bill is a good bill and we want to keep the morale of the American defense system right up on top. We want to keep our services right at the top with good morale. So when it comes to \$4.9 billion for foreign aid and it comes to \$5 to \$6 billion for subsidies I just don't think that this \$1.5 billion is out of order by any stretch of the imagination.

Mr. RIVERS. I don't either.

Mr. BENNETT. I agree, I agree.

Mr. GAVIN. Therefore I don't think that we have to go on the floor of the House and—

Mr. RIVERS. Apologize.

Mr. GAVIN. That is right, and do anything but just lay it on the line, because there are a number of places that I will call to attention on the floor where we have made very generous contributions.

It is a funny thing, they will take a \$5 billion foreign aid bill and spend about—well, maybe 4 to 6 hours, I would say; is that right?

Mr. RIVERS. About that.

Mr. GAVIN. About that. But when it comes to doing something for our own people in our own backyard, our own home, our own country, then we start to quibble on this and quibble on that. So I just feel that we want to build the greatest national defense that this country has ever had, and maintain it; not just build it, but maintain it. So if we ever get in difficulties again—

Mr. RIVERS. We have got them.

Mr. GAVIN. We won't have our guard down, we will be ready to do business.

Mr. RIVERS. Mr. Secretary, in view of the changes the committee has made, is it your position that to add this increase in the basic pay would make it more in balance? Was that your statement, as to the officers?

Secretary PAUL. Yes, sir.

Mr. BLANDFORD. Mr. Bennett, have we adopted this \$30 provision?

Mr. RIVERS. No, we haven't yet. What is the pleasure of the committee?

Mr. BENNETT. I move that we do put it in.

Mr. HARDY. If the Secretary thinks that is what we are going to need, I am not going to argue about it.

Mr. STRATTON. May we have the exact motion?

Mr. RIVERS. Mr. Bennett moves that we increase the basic pay of officers across the board from O-1 to O-10.

Mr. BLANDFORD. And W-1 through W-4.

Mr. RIVERS. Yes, \$30 a month.

Mr. STRATTON. \$30 in every one of those categories.

Mr. RIVERS. Every one of those, including W-1 through W-4.

Mr. GUBSER. We are depressing the pay scale----

Mr. BLANDFORD. No.

Mr. GUBSER. Across the board. I am not going to----

Mr. RIVERS. You have heard the motion. All in favor?

The Chair says the ayes have it.

Did you vote "no"?

One "no".

Mr. GAVIN. Thank you.

Mr. BLANDFORD. That settles it.

Mr. RIVERS. I want to thank the committee for your patience. I think everybody has contributed to this bill.

Mr. Secretary. I want to thank you for your help and assistance. Don't you think we got a pretty good bill?

Secretary PAUL. I appreciate your courtesy, Mr. Chairman, in allowing us to help.

Mr. BLANDFORD. Shall I assume this is the action of the committee?

Mr. BENNETT. Let's vote on it.

Mr. RIVERS. The question is on the bill as amended.

Mr. BLANDFORD. If that is the question.

Mr. RIVERS. The question is on the bill as amended. As many as favor the committee print as amended, will raise his hand.

Mr. BLANDFORD. Unanimous, Mr. Chairman.

Mr. BENNETT. I would like to put this in the record.

Mr. RIVERS. Yes.

(The document referred to is as follows:)

COMMISSIONED OFFICERS ASSOCIATION OF THE
U.S. PUBLIC HEALTH SERVICE, INC.
Bethesda, Md., March 5, 1963.

Hon. CHARLES E. BENNETT,
House of Representatives,
Washington, D.C.

DEAR MR. BENNETT: The Commissioned Officers Association of the U.S. Public Health Service appreciates the request and opportunity to comment on the recommendations made by the Air Force Pay Study Panel as embodied in their report of January 24, 1963.

The association has reviewed the report and is particularly impressed with the realistic levels of the proposed Air Force pay rates especially as they relate to the problems the Public Health Service faces in relation to comparability with civil service and recruitment and retention of their commissioned corps officers.

The association recognizes that budgetary considerations must be taken into account. Therefore, perhaps the most feasible plan to provide adequate compensation to members of the uniformed services and at the same time restore the same historical comparability relationship between the uniformed services and the civil service, is to include in the present pay legislation, authorization

for incremental pay increases. The incremental pay increases recommended by the Air Force Pay Study Panel are practical and more realistic and would have a salutary effect on all members of the uniformed services.

The problems and objectives of the Air Force are similar to those of the Public Health Service. The Public Health Service is seriously concerned with the lack of comparable compensation to that received for like work in private enterprise or civil service. This was pointed out in the association's testimony before Chairman Rivers' subcommittee. The association stated at that time: "Lack of comparability jeopardizes the essential career system of the Public Health Service when officers who supervise civil service personnel receive \$150 to \$200 a month less pay." The Public Health Service is equally concerned with the inadequacy of current retention rates to provide qualified replacements.

The Air Force report cites the decrease in the production of engineers and the need for the uniformed services to "be placed in a better hiring position if efforts are to be successful in procuring and retaining necessary quantities of skilled personnel." This section was particularly noted in that a similar problem exists in the Public Health Service. The Commissioned Officers Association of the U.S. Public Health Service wholeheartedly concurs with that part of the Air Force report which states: "This President stressed the need to provide Government employees with salaries comparable to those paid by industry to persons with similar positions or responsibilities. His message also pointed up the need to reduce compression between grades. The current pay bill does not meet these objectives in many officer grades."

If, in its wisdom, the Armed Services Committee feels that due to budgetary considerations it is impractical to substantially raise the proposed rates, the Commissioned Officers Association urges the committee to at least include authorization in the present bill for future incremental pay increases similar to those recommended by the Air Force.

Sincerely,

WILLIAM J. LUCCA, Jr., *Executive Director.*

Mr. BLANDFORD. I would like to insert a statement by Congressman Matsunaga, of Hawaii, urging enactment of H.R. 3006.

Mr. RIVERS. Without objection.

(Statement follows:)

STATEMENT OF SPARK M. MATSUNAGA, MEMBER OF CONGRESS FROM THE STATE OF HAWAII

Mr. Chairman, the greatness of our country today is measured to a degree by the high standard of living of our people. Through legislation we have helped to secure for the American worker a living wage for a shorter workweek. We have, however, sorely neglected a great segment of our population who are in fact employees of the Government—the members of our armed services. The sad economic plight of service families is especially noticeable in areas such as Hawaii where military stations are maintained. From firsthand observation I know that the wives of servicemen are forced to work as waitresses and barmaids to make ends meet, thereby creating many domestic and social problems involving the wife and children.

Like any working American, our men in uniform who labor in the defense of our Nation deserve a decent living wage. They are not presently getting it. The passage of H.R. 3006 would help to correct this situation.

We must remember too that the defense of our Nation and of our way of life must be entrusted to our ablest men. We must attract the best qualified to serve as officers in our armed services. We cannot do this and are in fact losing many of our most promising young officers and potential officers because of our low pay scale. For the good of our country we must provide incentives for our men in uniform to remain in uniform for as long as they are needed.

I therefore urge your favorable report on H.R. 3006. Thank you.

Mr. RIVERS. So the committee print, as amended, will be favorably reported to the full committee and, Mr. Blandford, you will also get the separate bills ready for presentation.

Mr. BLANDFORD. Yes, sir.

Mr. RIVERS. And don't give me a 29-page report to make to the full committee. Make it 27.

Mr. BLANDFORD. Twenty-seven; all right. Now, Mr. Chairman, undoubtedly the press will want to know the results of today, and this is going to be a little hard to put together at one time. May I suggest that the question of what the subcommittee has done, that the subcommittee has agreed to report a bill to the full committee, which involves a cost of approximately \$1,500 million.

Mr. RIVERS. Yes, sir.

Mr. BLANDFORD. And I may be able to fill them in a little later on.

Mr. RIVERS. I will refer them to you.

Mr. HADY. I would think that it would be rather dangerous to start releasing any information out of this bill until you get a print.

Mr. RIVERS. I do, too.

Mr. BLANDFORD. All right, sir.

Mr. RIVERS. Let's wait until we make the report to the full committee.

Mr. BLANDFORD. No comment then until Tuesday morning when the bill is reported to the full committee.

(Whereupon, at 4:38 p.m., the subcommittee adjourned.)