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Impact of Congressman Stratton's
Proposed Amendment to CIARDS

Mr. Stratton's amendment would require the DCI to certify that an employee's service is no longer needed or that his usefulness has ended before retirement can be allowed under CIARDS.

This proposal - a drastic change to existing law - would have a serious impact on the Agency, its management of personnel and operations, and on CIARDS participants themselves.

1. Breaks faith with those employees who have earned - by special service - preferential retirement benefits over Civil Service Retirement, and have planned accordingly.

- Many employees have earned CIARDS by serving in hazardous assignments, or suffered hardships at overseas posts, or committed their careers to specialized service, e.g., non-official cover.

- Many of these employees willingly performed or even volunteered for such service because they knew they would earn special retirement benefits.

- It would be an injustice to taint these employees with the label proposed. Even though their usefulness has not ended, these employees have earned the right to preferential benefits and should be allowed to retire voluntarily.

2. The amendment comes at a time when the Agency has suffered through the investigations and would demoralize the very group of employees for whom CIARDS was sought and enacted.
3. One basis for CIARDS was to recognize hardship or uniqueness of overseas service. These have increased even more because of disclosure of names of our overseas employees and the increasing threat of international terrorism.
4. We are finding it increasingly difficult to man certain overseas posts with essential skills, e.g., communicators. CIARDS has been used effectively as an incentive for overseas service. The situation would worsen without the CIARDS incentive.

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5. Original legislation was also sought as a management tool. By providing for early retirement, the Agency can maintain a young, dynamic and responsive work force in certain occupational categories in recognition of the demands placed on this group of employees.
 - The proposed amendment would reverse the current trend - reduction in the age of certain groups of employees - and will result in an aging of the group.
 - Longer tenure will create a "hump" and will frustrate management efforts to bring in younger employees at the entry level - an objective which is vital to the future effectiveness of the Agency.
 - It may be necessary to institute reductions-in-force, forcing the Agency to retire involuntarily groups of employees who are eligible to retire voluntarily without the onus and disgrace of being fired.
6. If Mr. Stratton's amendment is passed by the House, it obviously will become public knowledge. The action will send shock waves through the group of employees now eligible for voluntary retirement under existing law. Rather than run the risk that the Senate will not adopt the amendment, many eligible employees might decide to retire now. Many of them represent hard-to-get types or are serving in specialties requiring years of experience and training. Massive retirements within the group of current eligibles would cripple ongoing operations since replacements are not readily available, e.g., communicators, security types, case officers, NOC's, etc.

A G E N D A

ARMED SERVICES COMMITTEE
HOUSE OF REPRESENTATIVES

Thursday, May 13, 1976

I. Report by Mr. Stratton, on behalf of the Subcommittee on Military Compensation, on the following bills:

H. R. 13549 - To provide for additional income for the United States Soldiers' and Airmen's Home by requiring the Board of Commissioners of the Home to collect a fee from the members of the Home; by appropriating nonjudicial forfeitures for support of the Home; and by increasing the deductions from pay of enlisted men and warrant officers.

(Mr. Ford, Professional Staff Member)

H. R. 8089 - To amend section 404(d) of title 37, United States Code, relating to per diem expenses of members of the uniformed services traveling on official business.

H. R. 8089 passed the Senate, amended, on March 31, 1976.

(Mr. Wincup, Counsel)

II. Report by Mr. Hebert, on behalf of the Subcommittee on Investigations, on the following bill:

H. R. 13615 - To amend the Central Intelligence Agency Retirement Act of 1964 for Certain Employees, as amended, and for other purposes.

H. R. 13615 supersedes H. R. 11088.

(Mr. Hogan, Counsel)

III. Consideration of the following Reprogramming Actions:

1. Reprogramming Action FY 76-37 P/A, Missile Procurement, Air Force, to transfer \$13 million from Other Procurement, Air Force, to the Defense Satellite Communications System.

Witness:

Major General Henry B. Stelling, Jr., USAF
Director of Space
Deputy Chief of Staff, Research and Development
Headquarters, USAF

(Mr. Ford, Professional Staff Member)

Agenda continued

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2. Reprogramming Action FY 76-33 P/A, Shipbuilding and Conversion, Navy 1976/1980 for moving \$24.2 million from the PHM Patrol Hydrofoil Missile Advance Procurement Program to the Cost Growth Account for the FFG-7, SSBN-622, SSBN-625 and CGN-41.

Witness:

Rear Admiral Stanley S. Fine, USN
Director of Budget and Report
Office of the Comptroller
Department of the Navy

(Mr. Norris, Counsel)

3. Reprogramming Action FY 76-34 P/A, Other Procurement, Air Force, to establish a new line item "Machine Gun, 7.62mm M-60,"

Witnesses:

Major General Charles C. Blanton, USAF
Director of Budget
Office of the Comptroller of the Air Force

Mr. Lewis K. Stockman
Chief, Other Procurement Branch
Director of Budget
Office of the Comptroller of the Air Force

(Mr. Lunger, Professional Staff Member)

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Congressman Stratton's Concerns About CIARDS

1. Congressman Stratton has expressed certain concerns regarding the Agency's administration of its retirement system. His concerns and our responses follow:
2. Mr. Stratton considers it excessive that 30 percent of the Agency are participants in CIARDS. --

The legislative history of our retirement Act on this point is unequivocal. The reports of the Senate and House Armed Services Committees and the Congressional Record debate clearly recognized and stated that 30 percent would be in CIARDS.

3. Mr. Stratton also questioned the Agency's procedure for designating individuals as participants in CIARDS. He felt that employees should not be put into the system with only 18 months of qualifying service and felt that an individual should be designated only after he acquired the full amount, five years, of qualifying service. --

This procedure was also discussed by the Congress during its legislative hearings and, equally as important, was in the regulations developed for the administration of CIARDS which were sent to the Congress and were approved.

4. Mr. Stratton also believes that mere service overseas for five years does not warrant granting preferential retirement benefit. He stated that CIARDS was specifically enacted to cover only two situations: the individual whose "cover" might be blown, and the individual who might be exposed to hazardous duty and becomes physically impaired prematurely because of the risks that he was taking. --

The criteria specified in the law and the regulation as approved by the Congress also includes individuals who must practice security and tradecraft to maintain personal cover in the conduct or support of covert operations or espionage and counterintelligence activities abroad; or whose service is such that the

individual has a distinct disadvantage in obtaining other employment because his skills and knowledge are unique to the clandestine activities of the Agency and are not in demand elsewhere, or duties are so highly classified that the experience cannot be described to a prospective employer.

-- Overseas service has been accepted as qualifying service within the meaning of the law and regulations because it includes elements of service different from normal Civil Service employment. Overseas employees are subject to physical and health hazards; live a life under cover with its attendant strains and stresses; at times perform a cover job in addition to their CIA job; and can experience "motivational exhaustion." The Agency realized that it had to keep its cadre of operational personnel young, vigorous and resilient; it had to weed out those whose once useful skills had become obsolete; and that changes in the size and composition of the cadre would cause surpluses which had to be eliminated. This meant a need for retirements at ages below the normal for Civil Service. The Agency thus sought authorities to effect early retirements and for slightly higher annuity in order to compensate employees whose careers were thus foreshortened. These criteria formed the basis for former Director Schlesinger's reduction of personnel in 1973 and the Congress amended our Act to raise the quota on the number who could retire in order to allow these separations.

5. It is recommended that the Director inform Representative Stratton that: (a) in view of the points he has raised, the Director will undertake an immediate comprehensive study and review of the administration of CIARDS to ensure that we are complying with the intent of Congress, and (b) since the pending legislation merely adopts changes already enacted for the Civil Service Retirement Act and does not affect administration of the system, the Director would ask Mr. Stratton to withdraw his objections to the legislation based on the Director's commitment that he will meet with Mr. Stratton and discuss the study upon its completion.