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THE GENERAL COUNSEL OF THE TREASURY,
Washington, D. C., May 29, 1967.

Hon. WARREN G. MAGNUSON,
Chairman, Committee on Commerce,
U. S. Senate, Washington, D. C.

DEAR MR. CHAIRMAN: Reference is made to your request for the views of this Department on S. 1078, to amend the act of October 4, 1961, relating to the acquisition of wetlands for conservation of migratory waterfowl, to extend for an additional 8 years the period during which funds may be appropriated under the act, and for other purposes.

The act of October 4, 1961 (75 Stat. 813) authorizes appropriations, not to exceed $105 million, for a 7-year program of land acquisition for the benefit of the Nation's migratory waterfowl. The appropriations are treated as interest-free advances to the migratory bird conservation fund established pursuant to section 4 of the Migratory Bird Hunting Stamp Act of 1934, as amended (48 Stat. 451), and are repayable to the Treasury, beginning with fiscal year 1969, from moneys accruing to the fund from the Migratory Bird Hunting Stamp Act. S. 1078 would continue the program for an additional 8 years and would extend to fiscal year 1977 the date for beginning repayments to the Treasury.

The Department has no knowledge of the need for the proposed extension of the period during which interest-free advances may be made to the migratory bird conservation fund, nor of the need for the additional Federal interest subsidy and the consequent expansion of the wetlands acquisition program which would be permitted by such extension. Should such expansion be deemed necessary, consideration should also be given to an increase in the price of migratory bird hunting stamps.

The Department has been advised by the Bureau of the Budget that there is no objection from the standpoint of the administration's program to the submission of this report to your committee.

Sincerely yours,

FRED B. SMITH,
General Counsel.

POSTAL REVENUE AND FEDERAL SALARY ACT OF 1967

P.L. 90–206, see page 671

House Report (Post Office and Civil Service Committee) No. 722, Sept. 28, 1967 [To accompany H.R. 7977]

Senate Report (Post Office and Civil Service Committee) No. 801, Nov. 21, 1967 [To accompany H.R. 7977]

Conference Report No. 1013, Dec. 7, 1967 [To accompany H.R. 7977]

Cong. Record Vol. 113 (1967)

DATES OF CONSIDERATION AND PASSAGE

House Oct. 11, Dec. 11, 1967

Senate Nov. 29, Dec. 12, 1967

The Senate Report and the Conference Report are set out.

SENATE REPORT NO. 801

THE Committee on Post Office and Civil Service, to which was referred the bill (H.R. 7977) to adjust certain postage rates, to adjust the rates of basic compensation for certain officers and employees in the Federal Government, and to regulate the mailing of pandering advertisements, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

SUMMARY OF THE BILL

The committee has reported the bill as referred with amendments to increase postal rates as follows:

(1) First-class mail is increased to produce an additional $518.4 million.

(2) Airmail and air parcel post has been increased to produce an additional $49.7 million.

(3) Second-class mail has been increased to produce an additional $33.6 million.

(4) Third-class mail has been increased to produce an additional $264.7 million.

(5) Controlled circulation rates have been increased to produce an additional $7.9 million.

(6) Fourth-class book rates have been increased to produce an additional $12.6 million.

(7) Additional Federal revenue derived for mailings by the Government will produce an additional $29.6 million.

The total new revenue when the bill is fully effective will produce $916.5 million, an increase of $26.9 million over the bill as referred.

Salary increases for Federal employees in the postal field service, the general classified service, the Department of Medicine and Surgery in the Veterans' Administration, the Foreign Service, employees in county offices with the Agricultural Stabilization and Conservation Service, and employees in the legislative and judicial branches of the Government have been increased over a 3-year period to achieve comparability with rates of pay in private enterprise by July 1, 1969.

Provisions for a Salary Commission have been removed from the bill.

Provisions of title III, to curtail the mailing of pandering advertising, have been approved by the committee in the form recommended by the House of Representatives.

A new title IV will provide additional group life insurance for Federal employees similar to legislation earlier passed by Congress but vetoed by the President.

TITLE I

POSTAL RATES

The chart on pages 3874 and 3875 illustrates postal revenue and postal rates on the basis of 1968 volume, revenue, and cost coverage estimates under the rates recommended by the House of Representatives and by the committee:

Postal rates

Mail class	Rates: Now	Rates: H.R. 7977	Rates: Senate bill	Estimated 1968 volume (millions)	Estimated 1968 revenue (millions)	Estimated 1968 surplus or loss (millions)	New revenue (millions): H.R. 7977	New revenue (millions): Senate	Cost coverage after all pay and rate increases: Now	Cost coverage after all pay and rate increases: H.R. 7977	Cost coverage after all pay and rate increases: Senate
First class:											
Letters	5¢ oz	6¢ oz	6¢ oz	42,225	$2,526.9	+$101.2	$495.4	$495.4			
Drops	4¢ oz	6¢ oz	6¢ oz	106							
Cards	4¢ each	5¢ each	5¢ each	2,302	$92.2	−$24.5	$23.0	$23.0	103%	110%	110%
Total				44,633	$2,619.1	+$76.7	$518.4	$518.4			
Airmail:											
Letters	8¢ oz	10¢ oz	10¢ oz	2,098	$225.0	+$10.8	$56.3	$56.3	105%	119%	119%
Cards	6¢ each	8¢ each	8¢ each	32	$2.0		$0.6	$0.6			
Parcels	First class and zone rates.	Zone rates	Zone rates	55	$107.8	+$46.2	−$7.2	−$7.2	175%	157%	157%
Total				2,185	$334.8	+$57.0	+$49.7	+$49.7			
Second class:											
Regular	Adv. 4.2¢ to 14¢ per pound. Non-Adv. 2.8¢ per pound. Minimum of 1¢.	Adv. 5.1¢ to 17¢ per pound. Non-Adv. 3.4¢ per pound. Minimum of 1.3¢.	Adv. 5.2¢ to 17¢ per pound. Non-Adv. 3.4¢ per pound. Minimum of 1.3¢.	5,142	$110.9	−$264.9	$25.0	$26.1	29%	34%	33%
Surcharge		0.3¢	Deleted	(1,835)			$5.5			Included in 34% figure.	
Nonprofit	1.8¢ per pound; ⅛¢ minimum.	2.1¢ per pound; 0.2¢ minimum. Adv. at zone rates; 5.1¢ to 12¢.	2.1¢ per pound; 0.2¢ minimum. Adv. at zone rates; 5.2¢ to 17¢. 10% exclusion.	2,266	$7.9	−$126.2	$6.2	$4.5	7%	11%	9%

Classroom	60% of regular rate	Same	Same	137	$1.8	−$8.2	$0.4	$0.4	18%	20%	20%
In-county	1¼¢ per pound; ⅛¢ minimum.	1.5¢ per pound; 0.2¢ minimum.	1.5¢ per pound; 0.2¢ minimum.	1,748	$9.3	−$70.9	$2.0	$2.1	13%	14%	14%
Transient	4¢ first 2 oz.; 1¢ each add'l oz.	5¢ first 2 oz.; 1¢ each add'l oz.	5¢ first 2 oz.; 1¢ each add'l oz.	44	$5.0	−$0.4	$0.5	$0.5	92%	91%	91%
Total				9,337	$134.9	−$470.6	$39.6	$33.6			
Third class:											
Single piece	4¢ first 2 oz.; 2¢ each add'l oz.	6¢ first 2 oz.; 2¢ each add'l oz.	6¢ first 2 oz.; 2¢ each add'l oz.	3,409	$209.3	−$34.1	$69.8	$69.8	86%	103%	103%
Bulk—Regular	12¢ and 18¢ per pound; 2⅞¢ minimum.	16¢ and 22¢ per pound; 3.8¢ minimum.	16¢ and 22¢ per pound; 3.6¢ to 4¢ minimum.	15,667	$495.7	−$316.9	$154.1	$182.8	61%	72%	75%
Bulk—Nonprofit	6¢ and 9¢ per pound; 1¼¢ minimum.	8¢ and 11¢ per pound; 1.9¢ and 1.3¢ minimum.	50% of bulk pound rate and 40% of minimum per-piece bulk rate.	3,286	$43.4	−$117.3	$10.1	$12.1	27%	30%	31%
Total				22,362	$748.4	−$468.3	$234.0	$264.7			
Controlled circulation	13½¢ per pound; 1¢ minimum.	15¢ per pound; 3.8¢ minimum.	16¢ per pound; 3.8¢ minimum.	437	$24.3	−$17.6	$6.4	$7.9	58%	68%	71%
Fourth class:											
Books, records, films, and other materials.	10¢ first pound; 5¢ each add'l.	16¢ first 2 pounds; 6¢ each add'l.	12¢ first pound; 6¢ each add'l.	221	$57.8	−$70.6	$9.7	$11.5	45%	48%	49%
Library mail	4¢ first pound; 1¢ each add'l.	8¢ first 2 pounds; 3¢ each add'l.	5¢ first pound; 2¢ each add'l.	18	$1.7	−$8.9	$2.6	$1.1	16%	37%	24%
Total				239	$59.5	−$79.5	$12.3	$12.6			
Federal Government mail.	All classes	All classes	All classes		$153.6	+$7.3	$29.2	$29.6	105%	115%	115%
Grand total [1]				79,193	$4,074.6	−$895.0	$889.6	$916.5	83%	87%	88%

[1] Listed services only. Data do not reflect volume, revenue, or costs for other services, including parcel post, international mail, special services, and public-service costs for rural operations.

SUMMARY OF COMMITTEE AMENDMENT—TITLE I

First-class mail

The committee has increased the rate on first-class mail from 5 to 6 cents per ounce. This will produce an additional $495.4 million. The present category of drop letters is eliminated and the rate is increased from 4 to 6 cents per ounce. (Drop letters are letters mailed for local delivery at a post office which does not have letter carrier or rural carrier delivery.)

The rate on postal cards is increased from 4 to 5 cents each, producing an additional $23 million.

Airmail

The rate on airmail letters is increased from 8 to 10 cents per ounce. This will provide an additional $56.3 million. The rate on airmail post cards is increased from 6 to 8 cents each, producing an additional $600,000.

Air parcels

The rate on air parcels, now mailed at a zone rate, is revised. Beginning with the effective date of the postal provisions of this legislation, airmail weighing more than 7 ounces and first-class mail weighing more than 13 ounces will be combined as one class of mail and will be delivered by the most expeditious means of transportation available.

This is a significant departure from the present method of determining class of mail and postage rates for heavier parcels. Because of the significantly high cost coverage of heavy first-class and airmail parcels, the Post Office Department has recommended and the committee and the House of Representatives have approved a new rate schedule combining these two kinds of heavy mail at a zone rate schedule which is generally lower than present rates for air parcel post or first-class mail. A particular benefit to the public will be the 80-cent nationwide airmail rate for any parcel weighing 1 pound.

The total revenue gained in these changes in airmail and heavy parcels will be $49.7 million.

Second class

The committee has made several changes in the provisions for rates of postage applicable to second-class mail.

The regular rates approved by the House applicable to commercial magazines and newspapers have been revised to increase by 0.1-cent the pound rate on the advertising content in the first four zones. This will produce an additional $1.1 million over the House figure of $25 million.

The surcharge of 0.3-cent on each copy of a publication which mails more than 500,000 copies per issue has been eliminated.

The rate of postage on advertising content of nonprofit publications has been revised so that the advertising zone schedule will be identical to the schedule for commercial publications, but nonprofit publications having not more than 10 percent advertising will not be subject to the advertising rate schedule. The rate of postage for nonadvertising content and the minimum-per-piece charge for each copy of a nonprofit publication is substantially lower than the rate for commercial publications.

The rate of postage on classroom publications is maintained at 60 percent of the regular commercial rate.

The rate of postage for publications which are distributed within the county of publication is approved as referred. This will increase rates to 1.5 cents per pound with a minimum of 0.2 cent per piece.

The rate of postage on transient second-class mail is increased by 1 cent on the first 2 ounces.

The existing law granting a preferential minimum-per-piece rate of 0.75 cent for second-class publications having not more than 5 percent advertising in any one issue has been repealed. This class will mail at the minimum piece rate applicable to other regular second-class publications.

Total revenue gain is $33.6 million.

Third class

The third-class rate schedule for single piece has been approved as referred. Under existing law, the rate is 4 cents for the first 2 ounces and 2 cents for each additional ounce. The House of Representatives recommended and the committee has approved an increase to 6 cents for the first 2 ounces. This will produce an additional $69.8 million.

The rates of postage on bulk-rate third-class mail is increased from 12 to 16 cents per pound for seeds, catalogs and books, and from 18 to 22 cents per pound on other mail. The minimum charge per piece was increased by the House of Representatives from the present 2.875 to 3.8 cents effective January 7, 1968. The committee has revised this minimum charge per piece to increase the rate to 3.6 cents effective January 7, 1968, and 4 cents effective January 1, 1969.

The committee carefully considered the impact of a rate increase on this class of mail for business users. Proposals for spreading the increase over a 3-year period, for increases above 0.4 cent per piece, and several other alternatives were considered. The reported rate increase in two stages with a permanent rate equal to 66.6 percent of the regular first-class rate will provide about $28 million additional revenue over the House-approved figure and will raise cost coverage of this class of mail to about 75 percent. The subsidy, estimated at $316 million in fiscal year 1968, will be substantially reduced.

The bulk rate from nonprofit organizations has been increased from the present minimum-per-piece rate of 1.25 cents to 40 percent of the minimum-per-piece regular bulk rate. The provisions of the bill as referred from the House of Representatives, divided nonprofit organizations into two groups. Nonprofit organizations for religious, charitable, or general health purposes were permitted to mail at a minimum of 1.3 cents. Other nonprofit organizations would mail at 1.9 cents per piece, except when that mail was of a fundraising nature for religious, charitable, or general health purposes.

The committee has revised this language so that all nonprofit organizations as defined in section 4452, title 39, United States Code, will mail at the same rate with no distinction between those that are religious, charitable, or general health, and those which are not. It would create a significant administrative problem in the postal service to have differing rates of postage applicable to the same class of mail each determined by which organization is using the mail for a fundraising or nonfundraising purpose.

The nonprofit minimum rate has been increased only one-fourth of a cent in the past 39 years. The committee believes that establishing a permanent relationship of the nonprofit minimum rate to the regular rate, at a 60-percent discount of the regular rate, is a fair rate for the mailer without being an undue charge to the taxpayer who makes up the loss.

Total revenue gain is $264.7 million.

Controlled circulation

The rate for controlled circulation publications has been increased from 13.5 cents per pound and a 1-cent minimum to 16 cents per pound and a 3.8-cent minimum over a 3-year period. This will produce an additional $7.9 million.

The committee rate is a 1-cent increase in the pound rate over the House bill.

Controlled circulation publications differ from second-class publication in that they usually do not have a list of subscribers and do not charge money for the magazine. In many cases they are publications serving a particular profession, business, trade, or interest. They are "controlled" in the sense that businesses which buy advertising in such publications are interested in reaching a particular public market.

Historically, controlled circulation publications have been in the third-class category. However, prior to 1935, any third-class publication which exceeded 8 ounces in weight automatically fell into fourth-class parcel post rate schedule. In 1935, Congress permitted such publications to exceed 8 ounces and continue to pay the third-class rate, including the minimum per piece of 1 cent.

In 1949, controlled circulation rates were established as a separate rate schedule between second class and third class. However, the minimum rate per piece was not increased even when the third-class minimum began to rise from 1 cent (established in 1928) to 2.875 cents (in 1965).

As a result of the low minimum, some third-class publications, particularly shoppers' guides, have converted their publication format to conform to the 24-page requirement of controlled publications simply to avoid the higher third-class minimum per piece rate. This rate would apply to publications weighing less than 3.8 ounces.

The three-step increase from 1 to 3.8 cents will prevent publications from converting simply to avoid higher postage rates. Likewise, the increase in the pound rate from 15 to 16 cents will discourage any third-class publication from converting to controlled circulation format simply to pay a rate 1 cent less per pound than the third-class rate.

The committee amendment goes far to reestablish the relationship of controlled circulation publications to third-class mail insofar as rates are concerned, but does not impose the 16 ounce weight limit applicable to third-class mail.

Total revenue gain is $7.9 million.

FOURTH-CLASS BOOKS AND RECORDS

The committee has revised the proposal of the Postmaster General and the House of Representatives regarding the rate of postage and the weight distribution of fourth-class books, records, films, and other materials which mail at a special fourth-class rate substantially lower than parcel post. As proposed by the Postmaster General and approved by the House, the rate was increased from 10 cents for the first pound and 5 cents for each additional pound, to 16 cents for the first 2 pounds and 6 cents for each additional pound. The committee has decided to retain the increment of 1 pound, but has increased the rate. The rate will be 12 cents for the first pound and 6 cents for each additional pound.

The rate of postage for similar materials mailed to or from libraries and nonprofit organizations is changed from the existing rate of 4 cents for the first pound and 1 cent for each additional pound to 5 cents for the first pound and 2 cents for each additional pound. The House had approved a rate equal to 50 percent of the regular book rate. The House bill would produce $12.3 million. The bill reported by the committee will produce $12.6 million.

SURCHARGE ON SECOND-CLASS PUBLICATIONS

The committee deleted section 104(f) from H.R. 7977. This section, adopted on the floor of the House of Representatives, added a surcharge of 0.3 cent on all copies of second-class matter in excess of one-half million copies per issue. Testimony from association witnesses was unanimous in opposition to this provision.

The committee believes that this provision is unwise for two reasons. First, there is no economic justification to indicate why magazines with circulation in excess of one-half million should pay more postage. Before any such surcharge is adopted, cost justification should be shown. From the testimony presented, it appears that magazines with large circulation tend to have more direct sacks to sectional centers than those with less circulation, thereby lessening mail handlings and sortation at the final destination. We believe that a case was made by those publishers primarily affected by the surcharge that it costs no more, per copy to handle their magazines than others with less circulation. Additionally, the sponsor of the amendment assumes that publisher profits and circulation are coincidental. The disappearance of several very prominent and widely read magazines in the past 10 years disputes that conclusion.

The second reason for the deletion of this section is that a substantial question as to the constitutionality of a rate which discriminates against a group within second class without a rational justification was raised by the mail users affected (see *Grosjean* v. *American Press Company*, 297 U.S. 233, 56 S.Ct. 444). The committee would hesitate to enact a provision of questionable constitutional validity without full, careful and thorough hearings and deliberation by both legislative committees of the Congress.

ADVERTISING SUPPLEMENTS

This provision has been deleted from the bill. As referred, section 115 provided a new requirement that first-, third-, and fourth-class rates, as appropriate, be paid on "advertising supplements" mailed with second-class publications. The provision was opposed by the newspaper and magazine associations and was not requested by the Post Office Department. It is the belief of the Post Office Department and the mail users that present laws and regulations on this subject are adequate.

The committee has been advised, however, of abuses occurring in this area and has received complaints that the Department is not enforcing stringently the existing law and regulations. The committee believes the Department should review existing regulations and determine whether its enforcement procedures are adequate. The committee strongly believes that this area should be policed vigorously by the Department and expects the Department to take immediate steps to do so.

PREPARATION OF SECOND-CLASS MAIL

Section III provides that "publishers and news agents shall mail second-class matter in the manner directed by the Postmaster General." It is the opinion of the committee that this language grants the Postmaster General an authority too broad. In testimony before the committee, Postmaster General O'Brien stated that the purpose of the amendment was a technical one to delete from existing law the present word "zones" and make it conform to the present practice of requiring sortation by a five-digit ZIP code. In view of the stated intention of the Postmaster General, the committee believes that the language should be narrowed and state the present administrative requirement, rather than implying new authority to require sorting not presently envisioned by the Congress or the Post Office Department. If it is necessary to require any additional sortation of second-class matter, the Postmaster General may seek that authority from the Congress.

ADDITIONAL ENTRY POINTS

Under existing law, enacted in 1879, nonweekly publications may mail within the county of their publication and original entry for local delivery by letter carrier at a per-copy rate. For more often than weekly publications the rate is 1 cent. For other than daily papers, the rate is 1 cent for 2 ounces and 2 cents for more than 2 ounces.

Congress in 1918 enacted the first zone-rate publication schedule for second-class mail. Shortly thereafter, some monthly magazines began mailing at post offices of additional entry at the local zone rate. The Postmaster General ruled that such magazines, when mailed at additional entry points, were not entitled to the local zone rates but must mail at the per-copy rate. The per-copy rate has not been increased since its enactment in 1879. Because the practice of charging the per-copy rate at additional entry points has been followed by the Post Office Department since 1918, the Department is not willing to reverse its administrative ruling unless an expression of congressional intent is provided despite the fact that a 2-cent rate for a 1-pound copy of a monthly magazine constitutes a heavy subsidy and gives these magazines a Government-sponsored competitive advantage over weeklies or other monthlies which do not mail at additional entry points.

As passed by the House of Representatives, the per-copy rate was specifically limited to the office of original entry. This would have required all magazines mailing at the per-copy rate at additional entry points to pay local zone postage beginning January 7, 1968. The additional revenue would be $1.0 million. To permit a reasonable period of adjustment for these nonweekly publications, the committee has revised the language to increase the per-copy rate only at additional entry points from 1 cent and 2 cents to 2.5 and 3.5 cents over a 3-year period, beginning July 1, 1968.

The change in the per-copy rate at additional entry points will have no effect upon nonweekly publications mailing at the office of publication and original entry. It will also not affect the local zone rates paid by weekly publications when mailed at additional entry points or publications mailed at offices which do not have letter carrier delivery.

PRIORITY MAIL

The Postmaster General is to be commended for the actions he has taken this year to airlift first-class mail in order to improve postal service to American citizens in anticipation of the increased rates of postage provided in this bill. Earlier this year the Department began a vigorous program to provide airlift of first-class mail on a space-available basis when air was the most expeditious means of transportation available. This has resulted in substantial improvements in service, especially for first-class mail going relatively long distances. The amount of first-class mail being carried this year as of the end of September, compared with the same period last year, has increased 254 percent on the domestic trunklines and all cargo carriers and by an astounding 591 percent on the local service carriers.

The Department has also instituted a bold and innovative new transportation scheme designed around the use of air taxi operators. Under this program, small, safe, and reliable operators, using twin-engine aircraft, provide service at night for the Department, at the time when most of the mail moves. This will enable the Department to provide overnight delivery of first-class and airmail among States and regions. The concept, as imaginative as anything since the Pony Express, is permitting the Department to tie its sectional center post offices together into a nationwide network, without which the Department could never achieve its goal of 24-hour delivery for first-class and airmail letters.

The committee endorses the Department's goal of 24-hour delivery of first class and airmail anywhere in the country and the Department's plan to utilize the most expeditious means of transportation available in order to achieve that goal. The Department should proceed, however, cautiously and deliberately, so that this program can be put into effect on a sound, safe, and reliable basis. Section 101(a) of the committee bill embodies this concept by authorizing the most expeditious handling and transportation practicable for first-class mail weighing more than 13 ounces. The committee is confident this service improvement for first-class mail over 13 ounces will be welcomed by the public. The degree of public acceptance and the extent to which this mail can be moved expeditiously and reliably will determine when the next step toward the ultimate goal of establishing a single class of priority mail can be taken.

STANDARDIZATION OF MAIL

The legislation originally proposed by the Department included sections establishing standard characteristics for mail and imposing penalty charges on mail not meeting those characteristics. These sections were deleted by the House because the House committee did not have an opportunity to examine the provisions in depth. The House committee report stated that a careful and complete study should be undertaken before acting on these matters.

This committee concurs with the conclusion expressed in the House report that this matter must be resolved by the Congress and the Department and that a thorough study should be undertaken at the earliest practicable time.

Preliminary analysis of the problem indicates two separate areas for consideration:

1. **First-class and airmail letters.** Since these mails lend themselves to machine processing and accelerating application of machinery in post offices, some reasonable standards are necessary in the interest of both the mail users and the Department in order to reduce investment and operating costs. On November 9, the Department transmitted proposed legislation to the President of the Senate providing for (a) a study by the Department for the purpose of determining an equitable definition of "standard" letters, (b) a 2-cent penalty to be applied to "nonstandard" letters weighing 2 ounces or less, and (c) an effective date for the penalty charge 2 years after the promulgation of the definition. Hearings on this proposed legislation will enable this committee to determine how to deal with this aspect of the standardization question.

2. **Other mail difficult to handle.** The need for standardization is not limited to mail subject to machine processing. Such material as samples or other bulky or large-size pieces presently admissible at third-class bulk rates involves extra cost and difficulty in the post office of delivery, even though it involves no machine processing. The Department proposes that, after it has undertaken a study of the problems in this area, it will issue regulations redefining material that is mailable at bulk rates to exclude hard-to-handle pieces. Such material would thus be required to pay postage at the higher single-piece rate.

Although this committee recognizes that the Postmaster General may regulate the mails eligible for the third-class bulk rate, we are of the firm opinion that the Department must develop its proposals with the benefit of consultation by all parties affected by these regulations. The committee expects to be notified of any regulations the Department intends to propose, so that the committee can hold hearings and advise the Department of our views prior to the beginning of formal regulatory proceedings.

OTHER PROVISIONS INVOLVING POSTAL MATTERS

The committee has approved provisions of the House bill preserving the present advertising per-pound rate in the first and second zone for publications devoted to the science of agriculture when the total number of copies mailed during a 1-year period to subscribers residing in rural areas constitute at least 70 percent of the total number of copies distributed by any means for any purpose.

The committee has approved without change the House provision preserving a low minimum-per-piece rate for publications when fewer than 5,000 copies are mailed outside the county of their publication. The present 0.5-cent rate is increased to 0.8 cent over a 3-year period.

The committee has approved without change provisions extending to principally contiguous counties the within-county rate for publications which are mailed in an incorporated city situated entirely within a county or contiguous to one or more counties in the same State, but which is politically independent of such county or counties.

The committee redefined the meaning of the word "books" for fourth-class special rate mailings so that to qualify for this special rate a book must consist of at least 24 pages, 22 of which are printed, consisting wholly of reading matter or scholarly bibliography or reading matter with incidental blank spaces for notations and containing no advertising matter other than incidental announcements of books.

The committee has added pads of forms or ballots for use in obtaining and expressing opinions to the kinds of materials which may be included in this special fourth-class rate.

The committee has also approved the inclusion for the library rate of museum materials, specimens collections, teaching aids, printed matter, and interpretative materials intended to inform and further the education, work, and interest of museums and herbaria.

The committee has approved extending the nonprofit second-class mailing rate to publications of nonprofit educational or State-owned or operated nonprofit educational television stations. This will have the effect of permitting television program guides distributed by nonprofit educational television stations or State- or municipally-owned or supported television stations to mail at the nonprofit second-class rate rather than the third-class rate.

The committee has adopted the House provisions for free mail for blind and other handicapped persons but has added a section to require certification by competent authority that a person is unable to read normal reading material in accordance with the provisions of the act of July 30, 1966, which improved the Library of Congress reading program for blind and handicapped persons.

The committee has amended the statute regarding permissible enclosures on fourth-class mail to permit an invoice also serving as a request for payment to be mailed as a permissible enclosure without payment of first-class postage if the invoice relates solely to the matter with which it is mailed. This is applicable to invoices which are securely attached to or enclosed in a package and contain a statement of price and request of payment only for the contents of the package. It would not permit the enclosure of a cumulative bill or statement of account without payment of first-class postage.

The committee has approved the provisions of the House bill requiring that all bills and statements of accounts (other than permissible enclosures on fourth-class mail) must be mailed at first-class rates. This repeals provisions of existing law which permit identical statements in quantities of at least 20 to be mailed at the third-class rate, and which permit bills to be enclosed in second-class publications without additional postage.

The committee struck those provisions of H.R. 7977 which extended to servicemen anywhere in the world the same special mailing privileges which now exist for servicemen stationed in combat areas. The only additional benefit to servicemen in combat zones contained in H.R. 7977 was an increase from 5 to 30 pounds of the size of parcels that could be airlifted on a space-available basis. These extensions of special mailing privileges for servicemen worldwide were opposed by the Department of Defense and the Bureau of the Budget. The additional cost of these extensions is estimated at approximately $6.5 million.

The 89th Congress provided substantial mailing privileges to servicemen stationed in combat zones and, to a more limited extent, to servicemen stationed anywhere in the world. Public Law 89–315 provided free airmail service for letters mailed by members of the Armed Forces serving in combat areas and permitted parcels not exceeding 5 pounds to be transported by air on a space-available basis to and from combat zones at the surface rate of postage. Last year Public Law 89–725 broadened these mailing privileges by including sound-recorded communications within the free mailing privilege, providing for airlift of current news publications to combat areas, providing worldwide airlift of letter mail and sound-recorded communications at surface rates to and from servicemen overseas stationed in noncombat areas, and by extending to servicemen stationed in noncombat areas the transportation of parcels not exceeding 5 pounds on a space-available basis at the surface postage rate.

The committee agrees with the concern expressed by the Department of Defense and the Bureau of the Budget that the provisions of the House bill would—

> * * * extend to servicemen not in combat areas benefits and privileges which were originally designed in recognition of and to give special service to, the needs of those men serving under the trying and hazardous conditions which are unique to a combat zone. We perceive no justification for extending to those not associated with combat zones free mailing privileges for letters and sound-recorded communications, and we have serious doubts about the need to provide for air transportation of news publications and larger parcels on a worldwide basis. International editions of several weekly or daily news pub-

lications are available shortly after publication throughout Europe and in other areas of the world. Also, a great many of the personnel who would benefit from air transportation of large parcels have ready access to post exchanges and local consumer markets offering merchandise comparable to facilities in the United States.

The committee is opposed to any worldwide extension of the special mailing privileges now enjoyed by servicemen stationed in combat zones to servicemen in noncombat areas. The committee will consider next year whether or not additional mailing privileges should be granted to servicemen stationed in combat zones.

PUBLICATION OF NONPROFIT ORGANIZATIONS

This class of mail includes publications of religious, educational, scientific, philanthropic, agricultural, labor, veterans and fraternal organizations, as well as the publications of associations of rural electrification cooperatives and one publication by the official highway or development agency of any State.

At the present time the rate for these publications is 1.8 cents per pound with no distinction being made between the editorial and advertising content and no differential being charged based on the distance carried. In addition to providing increases in the minimum charge per piece, the House bill separated the advertising content of these publications from the nonadvertising portion. The rate for the nonadvertising portion will go up from the present 1.8 cents per pound to 2.1 cents per pound over a period of 3 years. For the first time, these publications will be charged a zone rate on the advertising portion of their publications. Under the House bill this advertising rate was identical to the advertising rate charged regular second-class publications through zone 5. A maximum of 12 cents per pound was fixed by the House for zones 6 through 8. This committee believes that the advertising rate schedule for both commercial and nonprofit publications should be identical and, therefore, has amended the House bill to establish identical advertising rate schedules for both types of publications. For nonprofit publications, the advertising rate schedule will be phased in over a 6-year period.

Because a large number of the organizations who use this particular class of mail for their publications rely almost entirely on charitable contributions and derive virtually no revenue from advertising, the committee approved an amendment to exempt from the advertising rate schedule those issues of publications in which the advertising portion does not exceed 10 percent. Although this will result in some loss of additional revenue, the public interest in the continuation of these organizations, who provide valuable charitable and social services to the country, must be balanced against the interest of the Department in collecting more revenue. This amendment will in no way affect or exempt those publications which carry substantial amounts of advertising and who therefore have an unfavorable advantage over regular taxpaying commercial publications because of their tax-exempt status and the reduced postage rates they pay. The establishment of identical rate schedules will go a long way toward eliminating this advantage.

The committee is concerned about the substantial growth that has occurred in this category of mail and by the size of the public service dollar loss attributable to it. From 1959 to 1966, the number of pieces in this category increased from 1.5 to 2.3 billion, a 53-percent increase, as compared with the 14-percent increase for all other second-class mail. The public service dollar loss for this one category of mail is estimated to be $126 million for 1968. Cost coverage is only 7 percent at the present time and will rise only to 9 percent after the full increases provided in this bill take effect.

The committee believes that a large part of the growth in this category of mail has occurred as a result of the illegitimate use of this preferred postage rate by many organizations with commercial motives masquerading as nonprofit organizations. That an organization qualifies as "nonprofit" for internal revenue purposes has nothing to do with its being classified as a "nonprofit" under the statutory requirements of postal law. The committee directs the Post Office Department to undertake immediately a thorough review of the more than 8,000 various nonprofit associations utilizing this rate. The Department should withdraw the second- and third-class permits of those who fail to qualify. The committee would also welcome recommendations from the Department on reformation of the existing law with respect to the types of organizations to be afforded this preference. More precise conditions than those in the present statute may need to be imposed in order to eliminate those organizations whose activities do not warrant this large subsidization by the taxpayer.

At the same time, the Department should make every effort to insure that organizations legally entitled to the preferential rate are treated equally at all post offices. A central coordination of certification to insure that congressional policy and departmental implementation are being followed would eliminate discriminatory practices that justifiably upset and mystify some users who mail at the preferential rate at one office and are denied the preference at another office.

The committee has received a number of complaints from members of the Photographic Society of America concerning its application to use the nonprofit rate applicable to photographic prints under section 4554 of title 39. The Department is expected to take immediate steps to ascertain the qualification of this organization and to insure that it pays no more than the rate to which it is entitled.

SECTIONAL ANALYSIS OF TITLE I

Section 101 revises sections of title 39, United States Code, as follows:

Section 4252 applies size and weight limits to first-class mail now applicable to airmail and parcel post.

Section 4253(a) increases postage on first-class mail 1 cent per ounce, a 20-percent increase, producing $495.4 million.

Section 4253(b) moves first-class mail, weighing more than 13 ounces, into air parcel post at air parcel post schedule rates.

Section 4253(c) increases the post card rate 1 cent each, a 25-percent increase, producing $23 million.

Section 4253(d) is a restatement of existing law on business reply mail.

Section 101(b) requires that any bill or statement of account is first-class mail, eliminating the third-class rate for printed identical bills in quantities of 20 or more.

Section 101(c) eliminates "drop" letters. A drop letter is a letter mailed for delivery in the same office where mail carrier service is not available. The rate is now 1 cent below first class.

Section 102(a) raises airmail from 8 to 10 cents per ounce, a 25-percent increase, raising $56.3 million. The rate for air post cards goes from 6 to 8 cents, a 33-percent increase, raising $600,000.

Section 102(b) establishes a new air parcel post rate schedule. These rates will apply to any airmail letter weighing more than 7 ounces and any first-class letter weighing more than 13 ounces.

Section 102(c) eliminates the requirement that the Defense Department reimburse the Post Office for mail addressed to the Canal Zone. There are no military post offices in the Canal Zone. The postal service in the zone is operated by the Canal Zone Government.

Section 103(a) revises the rates applicable to second-class nonprofit and other preferential publications.

The within-county rate goes from 1¼ cents to 1½ cents per pound and from one-eighth cent to one-fifth cent minimum per piece. Present revenue is $9.3 million and will be increased by $2.1 million over a 3-year period.

Nonprofit second class is increased from 1.8 cents per pound to 2.1 cents per pound for editorial content and the minimum from one-eighth cent to one-fifth cent. The advertising rate schedule identical to the regular second-class advertisement schedule is established, graduated over a 6-year period.

The existing 60 percent of regular zones rates relationship for classroom publications is maintained.

The new section 4358(f) establishes a preferential rate for advertising in farm publications in zones 1 and 2. The present 4.2 cents per pound rate will be retained for any publication, if 70 percent of the total distribution is to subscribers residing in rural areas.

Section 4358(g) increases the present 0.5-cent minimum rate applicable to mailings of fewer than 5,000 copies outside the county. The rate goes to 0.8 cent over a 3-year period, a 60-percent increase producing $426,000.

Section 4358(h) relates to proof of publication to the Postmaster General.

Section 4358(i) extends the within-county rate to independent incorporated cities. These cities now have the rate for city mailing, but cannot mail to a county surrounding or adjoining the city at the within-county rate, because they are not actually a part of the county. For example, this would permit an Alexandria, Va., newspaper to mail at the within-county rate within the city of Alexandria and throughout Arlington or Fairfax County.

Section 4358(j) relates to nonprofit publications.

Section 104 revises rates for regular second-class publications. An average 24-percent increase phased over a 3-year period will increase revenue by $26.1 million.

Reading matter is increased from 2.8 to 3.4 cents per pound and the rate schedule for advertising is increased from 4.2 to 14 cents per pound to 5.2 to 17 cents per pound. The minimum per piece is increased from 1 to 1.3 cents.

Subsection 4359(c) is a restatement of existing law.

Section 4359(d) authorizes as soon as administratively practicable airlift on a space-available basis for second-class publications. The Postmaster General shall fix a surcharge equal to the additional cost incurred by airlifting. This service would be of particular benefit to current news publications which are printed on the east coast and transported by rail to the west coast. Delay in their distribution decreases their value to the reading market. A minimum charge of 4 cents is applied.

Section 105 increases the rate for transient second-class by 1 cent, producing $500,000.

Section 106 increases the rate for controlled circulation from 13½ to 16 cents per pound over a 3-year period and increases the minimum per piece from 1 to 3.8 cents over a 3-year period. This will produce $7.9 million.

Section 107 increases the rates on third-class mail. The individual piece rate is raised from 4 to 6 cents for the first 2 ounces. This will produce $69.8 million. The bulk rate for commercial mailings is raised from 12 to 16 cents and from 18 to 22 cents per pound. The minimum per piece is increased from 2⅞ to 3.6 cents in 1968 and 4 cents after 1968. This will produce $182.8 million. The bulk rate for nonprofit organizations is increased from 1.25 cents to 40 percent of the minimum regular rate and 50 percent of the regular pound rate. This increases revenue by $12.1 million.

Subsection 107(b) repeals the third-class regular piece and bulk rate applicable to identical printed bills or statements of account mailed in large quantities.

Section 108 increases the pound rate on fourth-class "educational materials" from 10 cents for the first pound and 5 cents for each additional pound to 12 cents for the first pound and 6 cents for each additional pound. The rate for mailings to and from library and nonprofit institutions is raised from 4 cents for the first pound and 1 cent for each additional pound to 5 cents for the first pound and 2 cents for each additional pound. This will produce $12.6 million.

Subparagraph (a) (1) of section 4554 is a technical amendment to existing law correcting an inadvertent error in last year's parcel post bill.

The provision relates to permissible mailings of book supplements in the fourth-class book category.

Subparagraph (a) (2) extends the book rate to any film not more than 16-millimeter. The present law excludes 8-millimeter film.

Section 108(3) and (4) adds museum and herbaria exhibits and materials to library rate mailings.

Section 4554(e) authorizes the Postmaster General to establish regulations when fourth-class special mailings are in quantities of more than 1,000.

Section 109 increases the piece rate for keys and other small articles from 6 cents to 14 cents for the first 2 ounces, and from 6 cents to 7 cents for each additional 2 ounces.

Section 110 permits special handling of third-class mail. Present law prevents third class from receiving special handling even if a fee is paid. Such special handling is available to fourth class for a fee.

Section 111 revises existing law so that second-class mail can be prepared in accordance with a five-digit ZIP code. Existing law permits the Postmaster General to require sorting by zones. This is an anachronism caused by ZIP code.

Section 112 permits public service notices to be printed on second-class wrappers. This can be done on first and third class now.

Section 113 increases rates to be paid for local delivery by second-class publications at any additional entry points. Present practice by the Post Office permits nonweekly publications to pay the within-county rate (either 1 cent or 2 cents according to weight) at additional entry points other than the point of publication and original entry. Although the law does not specifically authorize this, it has been practiced since 1918.

This amendment gives legislative sanction to the practice and increases the rate over a 3-year period.

The new section 4653 in section 114 would extend the free mailing privileges currently provided only for matter mailed to the blind, to include other persons who cannot use or read conventionally printed material because of a physical impairment. The Library of Congress has for over 35 years administered the national books for the blind program. Public Law 89–522, July 30, 1966, authorized the Library of Congress to provide books and other reading materials to those persons who, because of physical handicaps, cannot read or hold ordinary printed materials. The amendment made by this section will include such persons within the benefits of the free mailing privilege.

The free postage is available when the matter mailed has no charge, or rental, subscription, or other fee, or the fee required is not in excess of the cost thereof. The matter may be opened by the Postmaster General for inspection, it must contain no advertising, and is subject to size and weight limitations prescribed by the Postmaster General. The free mailing privilege is extended to reading matter and musical scores; sound reproductions; paper, records, tapes, and other material for the production of reading matter, musical scores, or sound reproductions; reproducers, or parts thereof, for sound reproductions; and braille writers, typewriters, educational or other materials or devices, or parts thereof, used for writing by, or specifically designed or adapted for use of, a blind person or a person having a physical impairment within the meaning of this section.

The new section 4654 would restate the present provisions of section 4451(d), which is repealed, under which unsealed letters written in raised characters or sightsaving type, or in the form of sound recordings, may be mailed free of postage by a blind person or a person having a physical impairment, as described in section 4653(a) (1).

The new section 4655 would include in the law a new requirement that all matter mailed free under sections 4653 and 4654 be appropriately marked "Free Matter for the Blind or Handicapped" or with a similar phrase prescribed by the Postmaster General.

A requirement of certification by competent authority has been added to the House language.

Section 115 authorizes fourth-class permissible enclosure invoices to serve as a bill for the contents of the package.

Section 116 requires the Department of Defense to reimburse the Government of the Canal Zone for costs attributable to Armed Forces mailings to and from the Canal Zone.

Section 117 prohibits the mailing of an advertisement disguised as a bill or statement of account, unless clearly marked to be a solicitation. The committee expects the Postmaster General to use his full administrative authority as well as the authority of the courts to enforce this provision in addition to the express authority to refuse mailing privileges to this type of mail.

Section 118 provides effective dates. All rate increases become effective January 7, 1968.

The rate increase at additional entry points becomes effective July 1, 1968.

Section 119 makes certain technical and conforming amendments in title 39.

Section 120 adds publications of nonprofit and State-owned educational television stations to the group of organizations eligible for second-class rates without subscribers.

TITLE II

FEDERAL SALARIES

Title II provides for pay adjustments for civilian employees of the Government subject to the four statutory salary schedules and employees of the legislative and judicial branches and in county offices of the Agricultural Stabilization and Conservation Service.

These increases are to take effect in three stages, beginning October 1, 1967, and ending July 1, 1969. When fully effective, the salaries paid will reflect the most recent available Bureau of Labor Statistics evidence of salaries in private enterprise for positions of similar levels of work and responsibility. The total estimated cost of the three-stage increase for all employees is presented in the charts below:

Table of employment and costs

Statutory salary system	Number of employees	Fiscal year costs (in millions of dollars, cumulative)		
		1968	1969	1970
General Schedule	1,200,000	$354.9	$957.5	$1,807.8
Postal field service	715,000	250.0	628.5	711.3
Veterans' Administration, Department of Medicine and Surgery	21,000	8.3	26.1	50.0
Foreign Service	16,000	7.8	26.2	50.7
Total, executive branch	1,952,000	621.0	1,638.3	2,619.8
Judicial branch	5,000	1.75	4.66	8.55
Legislative branch	6,550	1.99	5.13	9.24
Agricultural Stabilization and Conservation county committee employees	21,350	4.10	10.58	19.75
Total, all systems	1,984,900	628.84	1,658.67	2,657.34

Cost estimates—General schedule

Grade	Number	Current payroll	Cost, new: 4.5-percent increase	Cost, new: Payroll	Comparability payline: June 1967 [1]	Comparability payline: October 1967	Comparability payline: Lag	Comparability payline: ½-lag	Comparability payline: Percent increase	Comparability payline: Payline, July 1968	Estimated cost	July 1968 rates as percent of comparability
		Dollars	*Dollars*	*Dollars*	*Dollars*	*Dollars*	*Dollars*	*Dollars*	*Percent*	*Dollars*	*Dollars*	*Percent*
GS-1	2,552	9,573,054	430,787	10,003,841	3,932	4,154	----------	----------	3.0	4,279	300,115	108.8
GS-2	58,040	236,041,004	10,621,845	241,662,849	4,468	4,519	----------	----------	3.0	4,655	7,399,885	104.2
GS-3	145,837	694,240,084	31,240,804	725,480,888	5,051	4,913	138	69	3.0	5,060	21,764,427	100.2
GS-4	171,776	940,853,144	42,338,391	983,191,535	5,686	5,493	193	97	3.0	5,658	29,495,746	99.5
GS-5	145,585	883,937,552	39,777,190	923,714,742	6,379	6,123	256	128	3.0	6,307	27,711,442	98.9
GS-6	55,945	379,049,489	17,057,227	396,106,716	7,130	6,752	378	189	3.0	6,955	11,883,201	97.5
GS-7	101,010	731,602,769	32,922,125	764,524,894	7,933	7,409	524	262	3.5	7,671	26,758,371	96.7
GS-8	18,054	146,257,602	6,581,592	152,839,194	8,799	8,122	677	339	4.2	8,461	6,419,246	96.2
GS-9	130,443	1,125,806,453	50,661,290	1,176,467,743	9,734	8,861	873	437	4.9	9,298	57,646,919	95.5
GS-10	15,785	151,345,151	6,810,532	158,155,683	10,726	9,703	1,023	512	5.3	10,215	8,382,251	95.2
GS-11	125,321	1,277,694,065	57,496,233	1,335,190,298	11,797	10,623	1,174	587	5.5	11,210	73,435,466	95.0
GS-12	97,151	1,168,108,025	52,564,861	1,220,672,886	14,144	12,607	1,537	769	6.1	13,376	74,460,946	94.6
GS-13	69,326	984,846,942	44,318,112	1,029,164,954	16,805	14,857	1,948	974	6.6	15,831	67,924,887	94.2
GS-14	32,074	537,675,700	24,195,407	561,871,107	19,814	17,425	2,389	1,195	6.9	18,620	38,769,106	94.0
GS-15	15,644	306,428,435	13,789,280	320,217,715	23,221	20,243	2,978	1,489	7.4	27,732	23,696,111	93.6
GS-16	2,874	64,234,537	2,890,554	67,125,091	27,100	23,079	4,021	2,011	8.7	25,090	5,839,883	92.6
GS-17	812	20,299,215	913,465	21,212,680	31,542	26,167	5,375	2,688	6.6	[2] 27,900	1,400,037	88.5
GS-18	347	9,064,002	407,880	9,471,882	[3] 33,348	[3] 27,055	6,293	3,147	3.5	[2] [3] 27,990	331,516	83.9
Total	1,188,577	9,667,056,200	435,017,529	10,102,073,726	----------	----------	----------	----------	4.8	----------	483,619,555	----------
Summary—Annual cost:			*Millions*								*Millions*	
Basic pay			$435.0	----------	----------	----------	----------	----------	----------	----------	$483.6	
Retirement and life insurance			28.7	----------	----------	----------	----------	----------	----------	----------	31.9	
Premium pay			9.5	----------	----------	----------	----------	----------	----------	----------	10.7	
Total			473.2	----------	----------	----------	----------	----------	----------	----------	526.2	
Fiscal year 1968: Oct. 1, 1967, 75 percent			354.9									

[1] Assumes 5 percent increase in private industry (March 1966–June 1967).

[2] Executive salary V $28,000 will limit increases for GS-17 and GS-18.

[3] Single rate.

Cost estimates—PFS, rural carrier, and fourth-class schedules

PFS level		Number	Current payroll	Cost		Percent of 1960 comparability	Cost	
Old	New			6-percent increase	New payroll		5-percent increase	New payroll
			Thousands	*Thousands*	*Thousands*		*Thousands*	*Thousands*
	1							
1	2	4, 761	$22, 025	$1, 322	$23, 347	102. 5	$1, 134	$23, 823
2	3	26, 440	142, 635	8, 558	151, 193	102. 3	7, 347	154, 276
3	4	72, 398	399, 644	23, 979	423, 623	102. 4	20, 584	432, 261
4	5	456, 373	2, 872, 553	183, 407	3, 240, 208	102. 3	157, 451	3, 306, 276
5	6	38, 046	269, 090	16, 145	285, 235	101. 1	21, 039	441, 804
6	7	12, 663	93, 693	5, 622	99, 315	100. 0	4, 826	101, 340
7	8	18, 244	145, 724	8, 743	154, 467	98. 9	7, 505	157, 616
8	9	11, 058	94, 491	5, 669	100, 160	98. 9	4, 867	102, 202
9	10	8, 488	78, 478	4, 709	83, 187	98. 8	4, 042	84, 883
10	11	4, 162	42, 083	2, 525	44, 608	96. 6	2, 167	45, 517
11	12	2, 406	26, 272	1, 576	27, 848	95. 9	1, 353	28, 415
12	13	1, 410	17, 043	1, 023	18, 066	95. 0	877	18, 434
13	14	1, 265	16, 598	996	17, 574	94. 3	855	17, 953
14	15	903	13, 549	813	14, 362	93. 3	698	14, 655
15	16	453	7, 409	445	7, 854	92. 4	382	8, 014
16	17	204	3, 686	221	3, 907	91. 6	190	3, 986
17	18	79	1, 564	94	1, 658	91. 0	81	1, 692
18	19	40	826	50	876	89. 6	43	894
19	20	24	548	33	581	89. 0	28	593
20	21	13	335	20	355	88. 4	17	362
Total		659, 430	4, 248, 246	265, 950	4, 698, 444		235, 486	4, 944, 996
Summary—Annual cost:								
PFS schedule:								
Basic pay				265, 950			235, 486	
Benefits				19, 946			17, 660	
Premium pay				23, 935			21, 143	
Total				309, 831			274, 289	
Rural carrier schedule:								
Basic pay				16, 147			14, 022	
Benefits				1, 211			1, 051	
Total				17, 358			15, 073	
Number of employees		47, 276						
Fourth-class schedule:								
Basic pay				5, 815			5, 345	
Benefits				436			401	
Total				6, 251			5, 746	
Number of employees		7, 714						
Grand total				333, 440			295, 108	
Fiscal year 1968:								
Oct. 1, 1967 (75 percent)				250, 080				

In the Federal Salary Reform Act of 1962, Congress declared the policy of establishing and maintaining Federal employees' salaries at levels comparable to wages paid in private enterprise for similar positions and responsibilities. The Bureau of Labor Statistics has annually surveyed private enterprise rates for positions comparable to positions in the Federal service classified in grades GS–1 through GS–15. Appropriate adjustments to maintain a pay line have been made in GS–16, GS–17, and GS–18.

The Salary Reform Act of 1962 was the most significant reform in statutory pay systems ever enacted. It ended a long series of sometimes-percentage and sometimes-dollar-amount pay increases which frequently failed to compensate properly middle and upper grade officers and employees throughout the Government. The proposal of the Kennedy administration, to pay all employees wages generally alined with private enterprise, brought to a conclusion that long post-war era of haphazard pay adjustments.

LEGISLATIVE HISTORY

The Salary Reform Act of 1964 made further adjustments in all salary levels and, by increasing the salaries of executives and establishing the executive salary schedule, permitted upper level career employees to come close to comparability.

Because of budgetary limitations and inflationary pressures, salary increases in Public Laws 89–301 and 89–504 were 3.6 and 3.2 percent across the board for all employees. Both the executive branch and the Congress realized that comparability in all but the lowest pay levels was not maintained by those increases.

The U. S. Government is the largest employer in the world. Currently, there are almost 3 million civilian employees in all branches of the Government with a payroll cost of more than $20 billion annually. Pay adjustments to maintain fair and equitable treatment for all employees are therefore expensive. A 1-percent increase in the average salary of the average postal worker costs $55,573,333.

To continue to struggle every year with legislative proposals to increase salaries and achieve comparability is a time-consuming and expensive effort on the part of the Congress. The experience of the past 5 years indicates that comparability cannot be achieved by this method. The economic and political realities of pay adjustments for Government employees demonstrates this quite clearly.

Title II resolves this problem at least until the second session of the 90th Congress. By approving a three-stage salary increase based in part on a 1967 catchup increase, and 1968 and 1969 scientifically adjusted increases, comparability through GS–15 will be a fact in July 1969.

Above that level, increases will be limited to the salary level in effect at that time for level V of the executive salary schedule, which in title II of this bill is increased from $26,000 to $28,000. Because the committee has eliminated the Salary Commission, it will require further congressional action to increase any salary above the $28,000 figure.

The salary increases in the three-stage plan will be increased in the following manner:

Effective October 1, 1967, employees subject to the postal field service schedule will receive a 6-percent across-the-board increase in salary. All other employees will receive a 4.5-percent increase effective at the same time.

Effective July 1, 1968, employees subject to the postal field service schedule will receive a 5-percent across-the-board increase in salary as provided in schedule II of section 205 of the bill. All other employees will receive an increase made effective by the President or other appropriate authority which will adjust their pay schedules to reflect salaries at current statutory levels plus one-half of the difference between Federal salaries and private enterprise salaries as determined by the 1967 Bureau of Labor Statistics report, but at least 3 percent. A maximum of the salary for level V of the executive salary schedule will be maintained for all employee salaries.

Effective July 1, 1969 (instead of April 1, as provided in the House bill), further adjustments will be made in all salaries to reach comparability with private enterprise salaries as determined by the 1968 BLS survey. The limitation of the salary for level V of the executive salary schedule will continue to apply to the top salaries.

The bill, as passed by the House and reported by the committee, provides 1.5 percent more for postal employees in the 1967 increase than for other employees. However, the 1968 and 1969 increases for classified and other employees will bring all employees up to comparability so that by 1969 postal positions and classified positions of similar levels of responsibility will be paid similar rates.

Postal employees are in some respects the assembly-line workers of the Federal Government. Unlike employees in other executive departments and agencies, they have little opportunity to move up into higher paying positions. There are only about 98,000 positions in the entire postal service above the postal clerk and letter carrier category. Of that number, about 25,000 are postmasterships and a few thousand are administrative positions in regional offices that clerks and carriers have little hope to attain. With little opportunity to advance, as is characteristic of employees in the other agencies and departments, postal employees deserve continuing consideration of salary adjustments which in part compensate them for the general lack of opportunity to advance in the service.

The Post Office Department must make every effort to improve the opportunities for postal clerks, carriers, mail handlers, and other rank-and-file employees to advance within the service. Programs to improve mobility for all employees and move up into responsible and better paying positions must be a priority program for the Bureau of Personnel and all other organizational units of the Department.

Federal employees generally are entitled to pay and working conditions similar to their counterparts in private enterprise. There is an unrealistic ceiling on Federal salaries at the highest levels which reflects the national sentiment that officers with great responsibility in the Government are bound as good citizens to make some personal financial sacrifice for their country and their Government while serving in appointive positions. But below that high level, career employees must be paid as well as if they worked in private enterprise. There is a direct and proved relationship between adequate pay and the willingness of any employee anywhere to do his best. The Government would be saving nothing and losing much if it did not recognize and follow this principle of equal pay for equal work for Federal employees.

H.R. 7977, as reported by the committee, adheres to that principle.

COMMISSION ON EXECUTIVE, LEGISLATIVE, AND JUDICIAL SALARIES

Section 216 of the bill as passed by the House of Representatives provided for the establishment of a commission to make quadrennial recommendations to the President on salary rates and other compensation benefits for Members of Congress, officers subject to the executive schedule, members of the judiciary and other officers and employees of the Government paid salaries above the rates provided by the general schedule. The President would submit to the Congress his recommendations based on the report of the Commission, and his recommendations would become effective 30 days after receipt unless Congress enacted pay increases by law or disapproved all or part of his recommendations.

This approach for the adjustment of the highest levels of pay for officers and employees of the Government was first suggested in title V of H.R. 11049, the Federal Salary Reform Act of 1964. That provided that high level salaries be increased by a percentage equal to increases for G.S.–18 or by the overall average increases for the general schedule of any statutory salary increase. The provision was stricken from the bill by the Senate committee. In 1965, the House of Representatives approved a salary commission plan similar to that contained in title II of this bill. It was stricken from the bill by the Senate committee.

This committee has again deleted the provision for the salary commission provided in section 216 of H.R. 7977.

The committee is unanimously opposed to any legislative proposal which would vest in the executive branch the authority to establish, affirmatively or negatively, the salaries of the Members of Congress. What we pay ourselves is a constitutional responsibility vested in us and to be exercised by us. To shirk that positive duty by handing the responsibility to the President, a salary commission, or any other person or group, and then to allow his or their recommendations to take effect is an abdication of constitutional responsibility.

There have been several distinguished commissions in past years which have recommended pay adjustments and other changes in law concerning the compensation of Federal officers and employees. Every one of them has served a useful purpose.

The Kaplan report of 1955 was the most far-reaching scientific study of Federal retirement systems made up to that time. It was the basis of the monumental Civil Service Retirement Act of 1956. The Randall report of June 12, 1963, served as the basis for the executive, legislative, and judicial salary increases of 1964. It was particularly useful in informing the Congress and the general public of the need for adjustments in these salary levels in order to recruit and retain high-level executive officers without requiring complete financial sacrifice. The Cabinet Committee Report on Federal Staff Retirement Systems, submitted to the Congress in 1966, has already served as the basis for legislative proposals to modernize all Federal retirement systems.

The committee approves, endorses, and benefits from such commission studies and recommendations. The distinguished Americans who served loyally and diligently on these panels have rendered a great public service. Their advice and counsel is appreciated. The President always has the right to appoint commissions or advisory boards to make studies of salary and fringe benefits paid to Federal employees and to make recommendations to him as to proper rates of compensation, which he may submit to Congress if he wishes. But no amount of advice or counsel can remove from the Congress the duty to legislate.

The committee is unanimously opposed to the provisions of section 216 as proposed by the House of Representatives.

SALARIES FOR OFFICERS AND EMPLOYEES OF THE LEGISLATIVE BRANCH

The committee has revised the House recommendations on salary adjustments for certain officers and employees of the legislative branch.

First, in regard to officers and employees who are paid by the Secretary of the Senate, the committee has authorized the President pro tempore to implement the 1968 and 1969 salary adjustments so as to maintain appropriate relationships between positions now existing in the salaries of Senate officers and employees. No salary shall exceed $28,000 in the Senate and this salary shall apply only to the three senior officers of the Senate, the Legislative Counsel, the Secretary of the Senate, and the Sergeant at Arms. Officers of the Senate who are now paid at salaries in excess of the maximum salary payable to a committee clerk or administrative assistant should not be increased to a figure greater than $27,000. The general maximum now established by law, $24,480, should not be increased to a figure greater than $26,000. The committee has also approved a limitation so that no employee in the General Accounting Office, Library of Congress, Government Printing Office, or Office of the Architect of the Capitol, whose pay is fixed in accordance with the General Schedule, shall be paid at an annual rate in excess of $27,055. This has the effect of eliminating GS–18 rated positions from the 1968 and 1969 increases and limiting increases for lower grades to the $27,055 salary.

The purpose of this limitation is to maintain proper relationships in the legislative branch of the Government. The committee has revised the salaries recommended by the House of Representatives for the highest ranking officers in the legislative branch and believes that employees subordinate to those officers should not be paid more than their superiors.

The committee recommends that the salaries of officers in the legislative branch be increased as follows: the General Counsel of the General Accounting Office, Librarian of Congress, Public Printer, and the Architect of the Capitol, from $27,000 to $28,000 instead of $28,750; the Deputy Librarian of Congress, the Deputy Public Printer and the Assistant Architect of the Capitol from $25,500 to $27,250 instead of $27,500; the Second Assistant Architect of the Capitol from $23,500 to $25,000, the salary recommended by the House of Representatives.

The committee recommends that the salary of the Assistant Comptroller General remain at its present level, $28,500 instead of $29,500.

The committee recognizes that these salaries are not identical for officers in the executive branch subject to the executive salary schedule, but believes that within the legislative branch the maintenance of appropriate relationships is most important and should and can be maintained without undue hardship. Further adjustments in these rates of pay can be made whenever a general increase in the salaries of the highest level officers of Government is enacted by Congress.

AGRICULTURAL EXTENSION EMPLOYEES

The committee believes that appropriations for cooperative agricultural extension work and appropriations for payments to State agricultural experiment stations for the fiscal years beginning after the enactment of this act should include additional amounts sufficient to provide increases in the portion of compensation of employees in such work or at these stations which is paid from such appropriations, corresponding to the increases authorized for Federal employees subject to the general schedule or county office employees in the Agricultural Stabilization and Conservation Service whose salaries are increased by this act.

OTHER PAY PROVISIONS

The committee has amended the referred bill to require that U. S. attorneys, as well as assistant U. S. attorneys, shall have salary increases in accordance with the percentage of increases applicable to the general schedule.

The committee has included language to vest in each Senator the authority to adjust salaries of members of his office staff.

The committee approved the recommendations of the House of Representatives to increase executive salary schedules at levels III, IV, and V from $28,500, $27,000, and $26,000, to $29,500, $28,750, and $28,000, respectively.

The committee has approved the House proposal that the salary of the Director and the Deputy Director of the Administrative Office of the U. S. Courts be increased from $27,000 and $26,000 to the salary of a Federal district judge and the salary at level V of the executive schedule, respectively. These salaries are currently $30,000 and $28,000 as provided by this act.

The committee recommends that the salaries of Commissioners of the U. S. Court of Claims be increased from $26,000 to $29,000.

The committee has deleted provisions increasing the basic compensation of three employees of the Office of the Architect of the Capitol from $7,700 to $8,200 per annum. These employees will receive the 4.5-percent increase effective October 1, 1967, as provided for other legislative employees.

The committee has approved an amendment to the Dual Compensation Act providing for a limitation of gross pay of an employee who holds more than one position in the legislative branch. This applies to employees who are paid by both the Secretary of the Senate or the Clerk of the House of Representatives and the Architect of the Capitol.

The committee has approved the House recommendation to equalize the pay of the chief of staff of the Joint Committee on Internal Revenue Taxation with the pay of the legislative counsel of the House of Representatives.

The committee has revised House languages increasing the maximum amount of annual premium pay for employees who work uncontrollable overtime. This provision is generally applicable to law enforcement officers whose work schedule cannot be effectively controlled. As referred, the bill struck out the maximum of 15 percent and provided in lieu thereof a minimum of 20 percent and maximum of 30 percent. The committee eliminated any statutory minimum, but has increased the allowable maximum from 15 percent to 25 percent.

EMPLOYMENT OF RELATIVES BY PUBLIC OFFICIALS

Section 223 is designed to prevent a public official from appointing a relative to a civilian position, or from advocating a relative for appointment to a civilian position, in the agency in which the public official serves or over which he exercises supervision. The provision would prohibit promotions and advancements in such cases as well as appointments.

The provision would be applicable to appointments in all agencies in the executive, legislative, and judicial branches of the Government. The term "public official" woulld include all persons, including the President, Vice President, and Members of Congress, having authority to make appointments of civilian officers or employees in the Federal service. Thus, a Senator could not appoint a relative to any position under the Senate. Nor could a Senator advocate the appointment by any other public official of a relative of such Senator for employment under the Senate. Likewise, House Members would be prohibited from appointing or advocating the appointment of their relatives to positions under the House of Representatives.

Provisions are included to authorize the Civil Service Commission to prescribe regulations making exceptions from the prohibitions contained in the section so as to permit temporary appointments of relatives of a public official in case of certain emergencies, as well as provisions to prevent interference with the operation of the veterans preference laws in certain cases.

Any person found to be appointed, employed, promoted, or advanced, in violation of these provisions would be required to be removed from the payroll, but a saving provision is included which will permit the continued employment of a relative appointed by a public official prior to the effective date of the provision, and to make clear that the subsequent promotion or advancement of such an individual would not be prohibited so long as he continued to serve.

RECRUITMENT PROBLEMS

The committee has deleted from the bill a provision authorizing the Postmaster General to establish higher entrance rates in areas where recruitment is particularly difficult in certain postal occupations. Although the committee understands the problem of recruitment in some areas, particularly very large cities, it believes that the present authority of the Civil Service Commission to establish special salary schedules in certain employment or geographic areas is adequate to deal with postal recruitment.

The committee strongly urges the Post Office Department to improve its recruitment program with regard to senior citizens. There are hundreds of thousands of older citizens and retired persons who would appreciate the opportunity, activity, and compensation of a postal job in occupations for which they are suited physically. The Government shoulld prove itself a leader in effort to serve the interests of the growing number of older citizens who want to continue some form of employment after regular retirement.

SPECIAL SALARY SCHEDULES

The committee has approved a change in the step of the statutory schedule grade which the Civil Service Commission may use at the initial step of a grade for a special salary schedule established by the Commission under the authority of section 504 of the Salary Reform Act of 1962.

Under that law, the Civil Service Commission was authorized by Congress to establish special salary schedules with entrance levels above the first step of the grade in order to recruit employees in professions or geographic areas where salaries in private enterprise were so substantially above Federal salaries that recruitment was difficult or impossible. This has been applied mainly to engineering, scientific, medical, and related fields. There was a limitation in the 1962 act which prevented the Civil Service Commission from establishing any schedule, the first step of which exceeded the seventh pay rate of the general schedule of the Classification Act.

Because of recruiting difficulties in certain occupations, the Civil Service Commission requests that this be changed so that the top step of the grade can be used as the entrance step if the Civil Service Commission determines it is necessary.

A current example of the problem involved is that in the effort to recruit nurses in Federal hospitals, the rates of pay in private enterprise are several hundred dollars above the seventh step of GS-5, which is the maximum step which now may be used for recruitment of nurses.

The committee does not believe the Civil Service Commission is utilizing its authority to establish special salary rates to the extent needed to attract and retain high caliber employees in specialized position in competition with private industry. One glaring example of the Commission's failure to act is in the area of civilian pilots hired by the Federal Government, predominantly by the Federal Aviation Administration. The difficulties which the Federal Aviation Administration is having in hiring and retaining its force of civilian pilots is especially acute because of the shortage of civilian pilots and the wide differential in compensation being offered by private industry and the Federal Government. The committee is advised that the average pay for a commercial airline jet captain is approximately double the pay of the jet-rated pilots of the Federal Aviation Administration.

The following letter from the Federal Aviation Administration indicates the degree of difference between rates of pay for civilian pilots employed by the Federal Government and pilots employed by the commercial airlines.

DEPARTMENT OF TRANSPORTATION,
FEDERAL AVIATION ADMINISTRATION,
Washington, D. C., November 7, 1967.

Hon. A. S. MIKE MONRONEY,
U. S. Senate, Washington, D. C.

DEAR SENATOR MONRONEY: In our recent telephone conversation you requested information concerning salaries our pilots are paid versus salaries paid to airline pilots. I can be fairly specific in setting forth annual agency pilot pay, but average annual airline pilot pay because of the variety of complex company/ALPA contracts can only be treated as an approximation.

A typical domestic scheduled airline recently signed a contract with its pilots for flying DC-8-61 aircraft. It agreed to pay a captain with 12 years of service an annual salary of $39,815 based on 75 hours of flight time per month. The same company agreed to pay a captain flying DC-9 aircraft, under the same length of service and monthly flight hours, $33,-

564 annually. Similarly, a captain flying DC–8–51 series aircraft will be paid an annual salary of $38,364. Another scheduled airline pays an annual average of $32,400 to captains flying B–707 aircraft in domestic service, based on a monthly average of 70 hours per month. A captain flying the same aircraft (B–707) in international operations is paid an average of $36,000 annually based on flying 70 hours per month. On the basis of this information, I think it reasonable to assume that the average scheduled airline captain flying jet aircraft receives an average annual salary of approximately $34,000.

The following table reflects the average annual salaries paid to agency pilots whose primary duties involve flying:

	Number	Average grade	Average annual salary
Flight inspection	250	12.8	$13,580
Administrative	7	13.0	13,332
General aviation inspectors: Turbo-rated	39	13.0	14,665
Flight test	46	13.0	14,665
Air carrier inspectors:			
Turbo-rated [1]	145	13.2	17,862
Prop-rated	41	13.0	14,665
Academy instructors:			
Turbo-rated	25	13.3	16,680
Prop-rated	42	13.0	14,090
Airplane pilot:			
Research	16	13.3	15,238
Maintenance/test	8	13.1	14,665
Average, all pilots			15,018
Average, turbo-rated			17,124
Average, other			13,944

[1] Includes premium pay.

As shown in the above table, an airline jet captain's pay is approximately double the pay of agency jet-rated pilots.

If I can be of further assistance, please do not hesitate to call on me.

Sincerely,

D. D. THOMAS,
Acting Administrator.

The committee believes the Civil Service Commission, in conjunction with the Federal Aviation Administration, should conduct an immediate survey of this problem to determine whether or not a special salary rate schedule should be established for civilian pilot employees of the Federal Government. Unless such a higher rate is established, the committee believes the Government will lose its civilian pilots at an increasing rate as the demand for their services grows rapidly in the private sector. The committee expects the Commission and the FAA to furnish it with a report at the earliest possible date on the extent of this problem and the desirability of establishing a special salary rate schedule for these specialized employees.

TRAVEL PAY

The committee has revised the provisions of the House bill in regard to traveltime and overtime pay. The Senate amendment revises present law so that an employee in the classified service, under wage board pay systems, or in the postal field service shall be paid for traveltime outside of his regular work schedule if the travel involves the performance of work while traveling (such as an ambulance attendant taking a patient to a hospital); is incident to travel that involves the performance of work while traveling (such as a postal employee riding in a truck to a destination to pick up another truck and drive it back to his original duty station); is carried out under arduous conditions; or results from an event which could not be scheduled or controlled administratively.

The committee believes that regulations to implement these provisions should take into account the provisions of section 16 of Public Law 89-301, which requires agencies to the maximum extent practicable to schedule travel within the regular work schedule. The committee is convinced that the heads of executive departments and agencies can do much more to prevent the abuse of an employee's own time.

We are not satisfied with the progress agencies have made to comply with the 1965 act. An employee should not be required to travel on his offday in order to be at work at a temporary duty station early Monday morning to attend a meeting. It is an imposition upon his private life that should not be made. Nevertheless, pay for travel status should not be made so attractive that employees would seek to travel on their offdays in order to receive overtime pay. Proper scheduling and administrative planning is the answer to the problems of travel pay in many cases. When emergencies occur or when events cannot be controlled realistically by those in authority, traveltime must be paid for.

The committee also believes that agencies should utilize the most expeditious means of transportation practicable, commensurate with the nature and purpose of an employee's duties. To require an employee to ride the bus 200 or 500 or 1,000 miles to attend a meeting simply because it is the cheapest form of transportation is a false economy and archaic practice.

WAGE BOARD CLASSIFICATION APPEAL

The committee has extended to wage board employees the right of appeal to the Civil Service Commission when his position is reclassified by his agency. The Civil Service Commission is authorized to issue regulations for the operation of this new provision and may develop such regulations to encourage employees to utilize agency appeal procedures prior to an appeal to the Commission. Following normal administrative channels will eliminate an undue burden on the Commission but will nevertheless vest in the employee an absolute right of appeal to the Commission regardless of the decision of his agency.

CIVIL SERVICE RETIREMENT

The committee has amended the Civil Service Retirement Act to provide that a former Member of Congress who retires and is subsequently appointed to a position in the executive branch may elect to receive a civil service retirement annuity based either on his final basic pay as a Member of Congress or the final basic pay of the appointed position. A Member of Congress who retired from Congress in 1960 and who subsequently accepts an appointment in the executive branch is limited by existing law to a maximum of 80 percent of his final basic pay as a Member regardless of how long he serves in the appointed position in the executive branch, how much money he pays into the Civil Service Retirement and Disability Fund while serving in the appointed position, or what amount his high-five average salary in the appointed position may be. The committee does not believe this is a fair limitation. The law should be revised to give the former Member the same benefit as would apply to a Member who did not retire, or to any other employee of the Government subject to the Civil Service Retirement Act.

ALLOWANCES FOR FORMER PRESIDENTS

The committee has increased the maximum amount of office expense funds available for payment of staff members of former Presidents of the United States. The act of August 25, 1958, authorizes $65,000 per annum with a limitation that no employee may receive more than the salary of a member of a Senator's staff. The committee recommends $80,000 as an office fund and the salary of level II of the executive schedule as the maximum salary of a former President's staff member.

ABSORPTION OF COSTS

The House bill contained a provision requiring the agencies and departments of the executive branch, except the Post Office Department, to absorb entirely the added costs of the pay increase provided for postal employees above that recommended by the administration. Although the committee believes that the pay increase for postal employees is entirely justified, it would be unfair to require those agencies and departments, whose employees will receive less of an increase during fiscal year 1968, to bear the cost of the additional pay increase for postal employees. Therefore, the committee has stricken this provision from the bill.

The committee concurs with the House that the departments and agencies should review carefully each vacancy resulting from voluntary resignation, retirement, or death to determine whether the position can be reassigned or abolished without seriously affecting the execution of the essential functions of government. The committee, therefore, expects the heads of the governmental agencies to undertake such a review and to absorb to the maximum extent feasible the pay increases provided by this bill. This would be in line with the previous policies of the executive branch requiring the absorption of substantial amounts of the pay increases that have been voted by the Congress for Federal employees since 1962.

OFFICE OF ECONOMIC OPPORTUNITY

The House bill exempted the officers and employees of the Office of Economic Opportunity from the provisions of this bill. In effect, these officers and employees would not receive any pay increase this year or in the succeeding 2 years, although all other Federal employees would receive substantial pay increases resulting in comparable wages with private industry by July 1, 1969. Despite the dissatisfaction and discontent the Congress has for the Office of Economic Opportunity at the present time, the committee believes this provision of the House bill is punitive, denies needed pay increases to employees of this agency, requires them to suffer the consequences for policies and decisions over which they have little control, and in no way changes or eliminates those policies or programs with which the Congress is not satisfied. Therefore, the committee has stricken that provision of the House bill.

The committee is, however, unanimous in its criticism of many aspects of the Office of Economic Opportunity and the programs it administers. In particular, the committee believes that the salaries paid to officials administering the community action program in the various States are entirely too high and are out of line with the levels of pay in private industry. This same sentiment is prevalent in the Senate, which recently included a provision in the authorization bill for the Office of Economic Opportunity limiting to 15 percent the amount of overhead for administration of any community action program. This is the proper way to make corrections in those programs of the Office of Economic Opportunity with which the Congress disagrees. The committee has the same attitude toward those programs for which the Office of Economic Opportunity contracts out with private industry. The rates of pay for employees of the private companies engaged in these contract operations is, in many cases, exorbitant and substantially above the rates of pay which would be paid to Federal employees performing the same functions.

The committee hopes the appropriate legislative committees in the Senate and House will undertake a careful study and review of the whole gamut of programs administered by the Office of Economic Opportunity, in particular the community action program and those projects that are contracted out to private industry.

SECTIONAL ANALYSIS OF TITLE II

Section 202 provides a 4.5-percent across-the-board increase for employees subject to the general schedule of the Classification Act.

There are currently 1,188,577 employees under the schedule. The 4.5-percent increase will cost $354.9 million for fiscal year 1968.

Section 202(b) provides the ordinary conversion rules for employees subject to the act.

Subparagraph (1) is a general rule.

Subparagraph (2) is the exception for employees between two rates of a grade.

Subparagraph (3) is an exception clause for an employee paid at a saved rate.

Subparagraph (4) is a savings clause for firefighters who may be paid at a saved rate under the Fringe Benefits Act of 1954.

Subparagraph (5) is a conversion rule for the payment of retroactive salary.

Subparagraph (6) is a conversion rule for employees brought under the general schedule during the period of retroactivity.

Section 203 is a technical correction to title 39, renumbering the salary levels because of the changes in the House bill which creates a new 21-level pay schedule.

Section 204 is a revision of the key position descriptions in title 39 applicable to employees in the postal field service.

The essential change is that instead of having 20 levels of pay, there will be 21 levels of pay, but the new PFS–1 will be for a "cleaner" rather than a "janitor." There is no such position as "cleaner" at the present time and it is doubtful that the Post Office will hire more than a handful of people in this category in the future. All employees presently in level PFS–1 will be moved into level PFS–2.

Section 205 provides two new pay schedules for employees subject to the postal field service. Postal field service schedule I becomes effective on the first day of the first pay period beginning on or after October 1967. Postal field service schedule II becomes effective on the first day of the first pay period on or after July 1, 1968.

Schedule I is an across-the-board 6-percent increase to all employees. The fiscal 1968 cost is $250,080,000. Postal field service schedule II is a 5-percent across-the-board increase. The fiscal 1969 cost is $295,108,000.

Section 205(b) establishes two new rural carrier pay schedules, providing 6-percent equivalent increases for the 31,000 rural carriers in the postal field service.

Rural carriers are paid at a rate which on the basis of the 42-mile rural route is the equivalent of the city letter carrier.

Section 205(c) establishes a new compensation schedule for postmasters at fourth-class offices.

Under existing law, a special schedule of pay for these postmasters compensates them on the basis of annual revenue measured by revenue units. This was enacted by the Congress in 1964. At the present time, there are six different levels of compensation in the fourth-class office schedule. Section 205(c) eliminates the present schedule and ranks each postmaster in a fourth-class office at an equivalent rate of PFS–6 (or what is now PFS–5, the lowest postmaster rank for a third-class office). Under a conversion rule established by the Postmaster General pursuant to this law, postmasters at fourth-class offices shall be paid on the basis of the PFS–6 level after determining the number of hours of work per week necessary to perform the duties of their office.

A postmaster at a fourth-class office who now devotes two actual working hours of his day to the operation of the postal facility (and not his grocery store or filling station) will be paid 25 percent of the rate of PFS–6. A postmaster at a fourth-class office who devotes full time to the operation of his office will be paid the rate of PFS–6.

Any postmaster who cannot be satisfactorily fitted into this schedule will be paid his present salary plus 6 percent until future pay schedules catch up with him.

Subparagraph (c) revises the allowance for office and facilities for postmasters at fourth-class offices.

The estimated cost of this entire fourth-class office revision is $4,813,000 in fiscal 1968 and $5,746,000 in fiscal 1969.

Section 205(e) is a conversion rule for postal field service employees, rural carriers, and postmasters in fourth-class offices. The remaining provisions of section 205 apply to pay adjustments in schedule II of this title.

The bill as referred has been amended to insure that all postal employees receive the pay increases. Some employees at a "saved rate" would not receive an increase if their saved rate exceeds the maximum rate of their present grade. The committee has included language to insure that these employees (and classified employees) at saved rates will receive the salary increases provided for all other employees.

Section 206 is a conforming amendment because of the changes in the fourth-class post office pay schedule.

Section 206(c) makes certain conforming amendments in title 39 regarding overtime pay which are necessary because of the changes in the numbers of the levels in the postal field service schedule.

Section 207 revises the maximum step which may be used for the establishment of a special salary schedule under section 504 of the Federal Salary Reform Act of 1962.

Section 208 provides a 4.5-percent increase for employees in the Department of Medicine and Surgery in the Veterans' Administration. These rates of pay are at minimums and maximums similar to rates of pay under the general schedule of the Classification Act.

Section 209 provides corresponding increases in the rates of pay for employees in the Foreign Service and staff offices and employees of the Foreign Service.

Section 210 provides similar increases for employees in the county offices of the Agricultural Stabilization and Conservation Service.

Section 211 authorizes increases in pay for U.S. attorneys and assistant U.S. attorneys and permits the adjustment of pay of all Federal employees, notwithstanding the antideficiency statute.

Section 212 provides for the 1968 and 1969 increases in order to close the gap between Federal salaries and rates of pay for comparable positions of responsibility in private enterprise. The first increase is equal to one-half the amount by which private enterprise rates exceed Government rates as determined on the basis of the 1967 annual survey conducted by the Bureau of Labor Statistics in accordance with the Federal Salary Reform Act of 1962, or by 3 percent, whichever is greater.

Assuming a 5-percent increase in the average rates of pay in private enterprise between March 1966, and June 1967, the percentage of increase in Federal salaries by closing one-half the gap will vary between 3 and 8.7 percent (applicable to GS-16). The rates for GS-17 and GS-18 will not be increased by as large a percentage because of the maximum salary of $28,000 applicable to all positions.

Effective July 1, 1969, the second half of the comparability gap will be closed for employees subject to all statutory schedules, including the postal field service. This will again be done on the basis of the 1968 comparability study by the Bureau of Labor Statistics and the rates of pay will be adjusted so that they will be comparable to current figures available from private enterprise. The maximum rate of pay will continue to be $28,000, unless the rates of pay for the levels of the executive salary schedule have been increased beyond that point by that time.

Similar adjustments in the rates of pay for employees outside of the statutory schedule shall be made in the legislative and judicial branches of Government, and for employees in the ASCS county offices.

Section 213 increases the salary of employees in the judicial branch of the Government by amounts similar to those for the general schedule of the Classification Act.

Section 213(d) increases the salaries of the Director and Deputy Director of the Administrative Office of the United States Courts.

Under the Federal Salary Act of 1964, the Director is paid $27,000 a year and the Deputy Director is paid $26,000 a year.

Section 213(d) adjusts the salary of the Director to the salary of the U.S. district judge which is presently $30,000, and adjusts the salary of the Deputy Director to the salary of level V under the executive schedule which according to the provisions of this bill will be $28,000.

Section 213(e) increases the salaries of Commissioners of the U.S. Court of Claims from $26,000 to $29,000.

Section 214 adjusts the pay of the employees of the Congress, effective October 1, 1967. All employees will receive a 4.5-percent increase.

Section 214(e) equates the salary of the chief of staff of the Joint Committee on Internal Revenue Taxation with the salary of the legislative counsel of the House of Representatives.

Section 214(f) states that the pay increase will not apply to student congressional interns or employees under the House wage schedule.

Sections 214(g) through (n) applies to salary increases of employees of the Senate.

Section 214(o) limits dual office compensation of certain congressional employees on two payrolls.

Section 215 increases the salaries for executive offices at levels III, IV, and V of the Federal Executive Act of 1964. This provides a $1,000 increase for those in level III, a $1,750 increase for those in level IV, and a $2,000 increase for those in level V.

Section 216 is a maximum salary clause which provides that, except as specifically provided by this act, no salary shall be increased above the rate in effect for level V of the executive schedule. The rate for level V in the executive schedule in this act is at $28,000. No salary except those specified in this act (such as the Director of the Administrative Office of the United States Courts and other positions the salary for which are elevated above $28,000 in this legislation) may exceed $28,000 unless the salary for level V is increased by statute.

Section 217 provides for an increase in the rate of premium pay for law enforcement officers who work uncontrollable overtime under the provisions of the Fringe Benefit Act of 1954.

Under that act, a maximum rate of 15 percent of annual basic compensation was set as a premium to be paid to such employees (treasury agents, FBI officials, and others involved in law-enforcement activities) in lieu of any overtime pay. This provision strikes out 15 percent as the maximum, and inserts the maximum as 25 percent.

Section 218 is a standard provision for retroactive compensation.

Section 219 amends the 1964 Salary Act to increase the salaries of the General Counsel of the General Accounting Office, the Librarian of Congress, the Public Printer, and the Architect of the Capitol from $27,000 to $28,000; the salaries of the Deputy Librarian of Congress, the Deputy Public Printer, and the Assistant Architect of the Capitol from $25,500 to $27,250; and the salary of the second Assistant Architect of the Capitol from $23,500 to $25,000.

Section 219(b) limits the salaries of employees in the legislative branch to not more than $27,055 if they are paid in accordance with the general schedule.

Section 220 provides effective dates.

Section 221 relates to the employment of relatives of public officials, which has been explained in the context of this report.

Section 222 relates to travel pay for postal and classified employees, which has been explained in the context of this report.

Section 223 relates to appeals to the Civil Service Commission by wage board employees in job classification cases, which has been explained in the context of this report.

Section 224(a) is a technical amendment to title 5, United States Code.

Section 224(b) amends the Civil Service retirement provisions of title 5 regarding the annuity of certain retired Members of Congress, which has been explained in the context of this report. Section 224 also permits payment of the additional annuity.

Section 224(c) increases the office allowance of former Presidents, which has been explained in the context of the report.

TITLE III

PROHIBITION OF PANDERING ADVERTISEMENTS

This title gives to each mail recipient the means to prevent the repeated mailing to him of advertisements that offer for sale matter which in the sole discretion of the recipient is erotically arousing or sexually provocative. The committee version of this title is exactly the same as that which passed the House of Representatives.

Hundreds of thousands of complaints are received annually by the Post Office Department and individual Members of Congress about the repeated receipt of unsolicited mail which is obscene, obnoxious, or otherwise offensive to the recipient. Although existing law prohibits the mailing of "hard core" pornography, the definition of what constitutes such pornography has been construed so narrowly by the courts as to render the law virtually meaningless in terms of providing any effective dilution of the amount of mail matter that offends the sensibilities of most citizens. The committee does not quarrel with these decisions, because they are based on a fundamental and revered constitutional right, freedom of speech. The committee agrees that any governmental attempt at censorship should be strictly limited.

The committee is, however, convinced there is an equally important right which each citizen has under the Constitution, the right of privacy, which is also entitled to protection. The committee believes that the House provision has struck a proper balance between an individual citizen's right to privacy in his home or other place of abode and the right of a citizen to utilize the U.S. mail for the expression of his ideas or for any other lawful purpose. The bill passed by the House was amended in one important respect from the bill reported by the House Post Office and Civil Service Committee. In the House committee bill, the Postmaster General was required to decide what was or was not pandering under the definition contained in the bill. On the floor of the House, Representative Waldie offered an amendment which was adopted that provided that this determination shall be made solely by the mail recipient. This had the effect of taking the Postmaster General out of the role of censor and, in the opinion of this committee and the Justice Department, removed a grave constitutional defect from the bill. All the witnesses who testified before this committee agreed that the broader the coverage and the wider the extension to all types and classes of mail, the more solid was the constitutional foundation for the preventive procedure contained in the provision.

Under the provisions contained in title III, the individual citizen is made the sole judge of whether any advertisement he receives is a pandering advertisement; that is, one which offers for sale matter that to him is erotically arousing or sexually provocative, and whether he desires to receive any further mail from the sender of that advertisement, either addressed to him or to any minor child of his under the age of 19 years who resides with him. The provision does not and is not intended to prohibit such material from being sent through the mails, if the individual to whom it is addressed wishes to receive it. If the recipient does not want to receive such matter, the provision provides him with the means to close the doors of his home or other place of abode to it.

If a person receives an advertisement which contains an offer to sell matter which he, in his sole discretion, believes to be erotically arousing or sexually provocative, he may notify the Postmaster General of his determination. The Postmaster General is then required to issue an order to the sender directing him to refrain from sending any further mailings of any kind to such person. The provision provides for adequate notice to the sender and for an opportunity to be heard, if requested. If a sender continues to send mail to a person in violation of the order issued by the Postmaster General, an order may be obtained from an appropriate Federal district court, upon application by the Attorney General, for a court order commanding compliance with the provisions of this title. A failure to observe the district court order may be punished by the court as contempt.

The committee believes the provisions of title III treat equally important, although sometimes conflicting, rights guaranteed by the Constitution in as fair and equitable a manner as possible. The Government should not restrict the right of free speech. At the same time, it should not act as the instrumentality by which unwanted and unsolicited mail matter is forced upon an unwilling citizen. The committee is convinced that no user of the mail has the right to force upon an unwilling recipient the type of mail matter covered by title III and that the U.S. post office is not required to act as the instrumentality by which a mail user, over the objection of the recipient, invades the home and mailbox of a citizen.

SECTIONAL ANALYSIS OF TITLE III

Section 301. Pandering advertisements

Subsection (a) adds a new section 4009 to chapter 51 of title 39, United States Code. This section recognizes the right of person to be protected from the invasion of his house or other premises through the mails by those who appear to him to be deliberately subjecting him to pandering advertising contrary to his will.

Section 4009 would provide a means for protecting members of the public from pandering advertisements that offer for sale matter which the respective addressees believe to be erotically arousing or sexually provocative.

Subsections (a) and (b) provide that the addressee shall determine in his sole discretion whether advertisements he receives offer for sale matter that is erotically arousing or sexually provocative to him. When he communicates this determination to the Postmaster General with a request that the Postmaster General direct the sender and his agents or assigns to refrain from further mailings to the named addressee, the Postmaster General is required to issue an order to the mailer of the advertisement as provided in subsection (c).

Subsection (c) describes the terms of the order to be issued by the Postmaster General. The order shall provide that the sender and his agents and assigns (i. e., business successors) shall refrain within 30 days of the receipt of the order from any further mailings to the designated addressee, shall delete the names of the designated addressees from all mailing lists owned or controlled by the sender or his agents or assigns, and shall refrain from the sale, rental, exchange, or any other transaction involving mailing lists bearing the names of the designated addressees. The mailer is prohibited not only from sending advertisements to the proscribed name but from sending any mail matter of any class or kind.

Subsection (d) provides for the procedures to be followed by the Postmaster General when he believes an order issued under this section has been violated. In such a case he is to notify the sender by registered or certified mail of his belief and the reasons therefor and grant an opportunity to the sender to respond and to have a hearing on the facts.

If after consideration of the sender's response and the evidence brought out in any hearing, the Postmaster General determines that his order has been or is being violated, he is authorized through the Attorney General to seek an order from the appropriate U.S. district court directing compliance with his order issued under subsection (b).

Subsection (e) grants authority to the appropriate U.S. district courts to issue orders pursuant to this section, including orders imposing punishment for contempt of court.

Subsection (f) provides that receipt of mail matter 30 days or later after the effective date of the order under subsection (b) shall create a rebuttable presumption that the mail was sent after the effective date.

Subsection (g) provides that an addressee may require the Postmaster General to include the names of any of his minor children below age 19 and living at home within the terms of an order issued under subsection (b).

Subsection (h) provides an exception from the hearing procedures and the judicial review provisions of the Administrative Procedure Act. Administrative action under this section, of course, must conform to constitutional standards.

Subsection (i) contains appropriate definitions.

Section 302. Effective date.

Section 302 makes the provisions of this title effective 120 days after enactment.

TITLE IV

FEDERAL EMPLOYEES GROUP LIFE INSURANCE

Title IV accomplishes four important objectives. It increases the amounts of group life insurance (and accidental death and dismemberment insurance) which the Government will help employees finance; raises the now unrealistic and discriminatory maximum imposed by present law on the amount of insurance made available under the program; places the program on a sound actuarial basis; and establishes a new optional insurance program for employees who wish to purchase additional protection with their own funds.

The life insurance program has not been significantly changed since its establishment in 1954. It has not kept pace with developments in the private sector or in many other public jurisdictions. Industry in particular has forged far ahead of Government in providing life insurance protection for its employees, both with respect to amounts of insurance and with respect to employer contributions. During the 89th Congress, and again this year, the Senate Committee on Post Office and Civil Service developed legislation designed to correct these deficiencies and to modernize the program. On two occasions, both Houses of Congress passed such legislation, only to have it vetoed. Both Presidential messages cited cost considerations as a major reason for veto. The present measure meets that objection by holding the added Government cost to $35.4 million a year, $26 million below that of the bill vetoed last August.

In addition to paring costs to the bone, this measure incorporates the suggestions in the President's last veto message that additional optional insurance be made available on an employee-pay-all basis; provides a minimum policy of $10,000 for younger and lower paid employees whose ability to pay for private insurance is severely limited; allows higher paid employees, whose comparability lag is greatest, to have group insurance protection in amounts more closely approximating their salaries; guarantees all employees at least $2,000 added protection; improves financing of the program; and holds the increase in contribution rates to a very modest amount.

REGULAR INSURANCE

The present group life insurance program is built on principles of (1) insurance directly related to annual pay during active service; (2) continuation of insurance, in reduced amounts, after retirement; and (3) cost sharing between employer and employee. H.R. 7977 preserves and strengthens those principles.

The present program provides regular term life insurance and an equal amount of accidental death and dismemberment insurance. Employees are automatically covered for both types of insurance on the first day of employment unless they specifically decline coverage (only 5 percent do). Accidental death and dismemberment insurance ceases upon retirement. Life insurance continues, free of charge, for employees retiring on immediate annuity after 12 years of service or because of disability. The amount of insurance in force reduces at the rate of 2 percent each month after age 65 (or date of retirement, if later) until it reaches 25 percent of the amount in effect at the time of retirement. These features of the program remain unchanged.

The present program provides each type of insurance in an amount equal to the employee's current annual salary or, if that salary is not an even multiple of $1,000, the next higher $1,000. The maximum amount of insurance is $20,000 ($40,000 for accidental death). The committee is convinced that these provisions yield too little protection to employees all along the line. Most plans in the private sector provide insurance in amounts equal to 1½ to 2 times annual salary; a few provide 3 times annual salary, or even more. Title IV goes part of the way toward correcting the deficiency in the Government's program by setting $10,000 as the minimum coverage; by raising to executive level II (currently $30,000) the maximum salary on which insurance is based; and by guaranteeing at least a $2,000 increase in the regular life insurance of all insured employees. It thus raises the floor of protection offered under the program, and provides increased coverage for all employees. It fixes a ceiling which recognizes the President's objection to large increases at Government expense, for officials whom he identified as being in the highest bracket and least in need of increased life insurance coverage at the taxpayers' expense.

COST OF REGULAR INSURANCE

At present, the employee pays 25 cents, and his agency 12½ cents, biweekly for each $1,000 of life insurance coverage. The 25-cent contribution rate is specifically established in present law as the maximum for employees, and Government's rate is set at one-half that of employees. At the time the program was established 13 years ago, these amounts were believed adequate to cover the level cost of the insurance. In actual experience, they have not proved to be adequate. The most recent actuarial valuation of the program shows that the present actual biweekly cost per $1,000 is 45.5 cents, 8 cents below the amount being contributed. Improved financing of the program is therefore imperative. H.R. 7977 will resolve this problem by repealing the present 25 cents per $1,000 limitation on the employee's contribution; by requiring that the combined employee-agency contribution cover the full cost of the insurance; and by authorizing the Commission to adjust the contribution rate as required to accomplish that purpose. The present 2-to-1 cost-sharing ratio is preserved.

The Commission estimates the biweekly cost of the new regular insurance benefit at 41.5 cents per $1,000. At this rate, the employee's biweekly contribution will be 27.5 cents, and Government's contribution will approximate 14 cents per $1,000. The Commission may adjust these contributions from time to time as required to assure that they fully cover actual cost, but it must preserve the present cost-sharing ratio.

The Civil Service Commission estimates the annual cost of this bill's provisions with respect to the regular insurance program at $106.1 million, as follows:

Full financing of the program will cost $40.1 million more ($13.4 million for Government and $26.7 million for employees).

The $10,000 minimum and the added $2,000 unit will cost $65.6 million more ($21.9 million for Government and $43.7 million for employees).

Raising the salary base to executive level II for insurance purposes will cost $400,000 more ($100,000 for Government and $300,000 for employees).

The total annual increase in Government cost is $35.4 million.

OPTIONAL INSURANCE

The optional insurance is a new feature added to the program. It directs the Civil Service Commission to make up to $10,000 additional insurance available, on an optional basis, to those employees who wish to purchase it at their own expense. This additional optional insurance will be provided by the insurance industry in the same manner as is the regular insurance; will continue into retirement the same as regular insurance, if purchased at the first opportunity or in force for 12 years immediately preceding retirement; will reduce 2 percent a month, down to 25 percent, beginning at retirement or age 65, whichever is later; will include an equal amount of accidental death and dismemberment protection up to the time of retirement but not thereafter; and will be paid for through deductions from the employee's salary or annuity. Thus additional protection will be available to those who desire it, but no part of its premium cost will be covered by the taxpayer.

Unlike the regular insurance, the premium rates for this optional insurance will be established by age groups, with each employee's rate increasing as he moves into the next higher age group, and premiums will be payable to age 65 even though the employee retires earlier. The Commission estimates the initial biweekly premium rates per $1,000 of optional insurance at 30 cents through age 34; at 60 cents for ages 35 through 54; and at $2 for ages 55 and over. These rates would later be adjusted as required by actual experience of the group electing the additional optional insurance.

SECTIONAL ANALYSIS OF TITLE IV

Section 401 increases the life insurance available to all employees by providing the larger of a $10,000 minimum policy or a policy in the amount of the employee's annual salary, rounded to the next higher $1,000, plus $2,000. The maximum of $32,000 that will be currently available under this formula will be automatically raised to correspond with future increases in level II of the executive pay schedule.

Section 402 requires that the premium contribution rate cover the actual level cost of the insurance and provides that the rate be adjusted by the Commission as necessary to meet changes in such cost. This section also repeals the present 25 cents per $1,000 limitation on the biweekly contribution rate of employees.

Section 403 sets Government's share of the cost at one-half that withheld from the employee.

Section 404 adds a new provision authorizing the Commission to obtain and make available to insured employees, for purchase at their own option and their own expense, additional life insurance in amounts to be determined by the Commission but not to exceed $10,000. The employee or annuitant will pay the full cost of any such optional insurance through deductions from salary or annuity. Rates for this insurance will be established by age groups, with each employee's rate increasing as he moves into the next higher age group, and will be payable to retirement or to age 65, whichever is later. Insurance may continue into retirement the same as regular insurance (except with respect to contributions), if purchased at the first opportunity or in force for 12 years immediately preceding retirement, and will reduce at the same rate and to the same percentage level as does regular insurance. Accidental death and dismemberment portection will continue to the time of retirement but not thereafter.

Section 405 makes changes in the regular insurance program effective approximately 60 days after enactment and changes in the optional insurance program effective within approximately 180 days after enactment. The provisions are not retroactive and will not affect any employees who resign, retire, or die prior to the date of enactment. However, insured employees who resign, retire, or die between the date of enactment and the effective date are protected with respect to the additional regular insurance, without payment of additional premiums.

Section 406 makes the life insurance fund available without limitation for expenses incurred by the Commission in carrying out the new optional insurance provisions.

POSTAL ACT

CONFERENCE REPORT NO. 1013

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 7977) entitled "An act to adjust certain postage rates, to adjust the rates of basic compensation for certain officers and employees in the Federal Government, and to regulate the mailing of pandering advertisements, and for other purposes," submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report.

The Senate amendment struck out all of the House bill after the enacting clause and inserted a substitute text.

The committee of conference recommends that the House recede from its disagreement to the amendment of the Senate with an amendment which is a substitute for both the House bill and the Senate amendment and that the Senate agree to the same.

The House bill consisted of three titles: Title I: Postal Rates; Title II: Federal Salary Increases; and Title III: Prohibition of Pandering Advertisements.

The Senate amendment consisted of four titles, the same three contained in the House bill plus the addition of Title IV: Federal Employees Life Insurance.

The conference substitute contains the same four titles.

The specific differences between the provisions of the House bill and the conference substitute are explained below under a separate heading.

TITLE I—POSTAL RATES

Based upon estimates of volume for fiscal year 1968 the House bill would have produced an additional $889.6 million in postal revenue. The Senate amendment would have produced $915.9 million. The conference substitute, when all rates are fully effective, will produce over $900 million in additional postal revenue.

Both the House bill and the Senate amendment contained the same postage rates for first-class mail and airmail. The House bill and the Senate amendment differed in varying degrees on the postage rates in the other classes of mail and the differences have been resolved in the conference substitute as explained in detail later in this report.

The effective date for all the provisions in title I is January 7, 1968.

A table comparing the present postal rates, those proposed in the conference substitute, and the additional postal revenues to be realized from the new rates follows:

POSTAL RATE INCREASES, H.R. 7977

[1968 volume basis]

Mail class	Postage rate unit	Present rate	New rate—Effective date (cents)			New revenues (millions)	Cost coverage (percent)	
			Jan. 7, 1968	Jan. 1, 1969	Jan. 1, 1970		Now	After all pay and rate increases
1st class:								
Letters	Ounce [1]	5 cents	6 cents [1]			$493.2		
Drop letters	do	4 cents	6 cents			2.2		
Cards	Each	do	5 cents			23.0	103	110
Total						518.4		
Airmail:								
Letters	Ounce	8 cents	10 cents [1]			56.3	105	119
Cards	Each	6 cents	8 cents			0.6		
Parcel post	Pound	1st class and zone rates	Zone rates			−7.2	175	157
Total						49.7		
2d class:								
In county:								
Pound-rate matter	Pound	1.25 cents	1.3 cents	1.4 cents	1.5 cents	1.0	13	14
	Minimum per piece	0.125 cent	0.2 cent	0.2 cent	0.2 cent			
Per-copy-rate matter	Per copy	1 or 2 cents	Zone rates at additional entry offices only			1.0		
Outside county:								
Regular publications:								
Editorial	Pound	2.8 cents	3 cents	3.2 cents	3.4 cents			
Advertising:								
Zones 1 and 2	do	4.2 cents	4.6 cents [2]	4.9 cents [2]	5.2 cents [2]			
Zone 3	do	5.2 cents	5.7 cents	6 cents	6.4 cents			
Zone 4	do	7.2 cents	7.8 cents	8.3 cents	8.8 cents			
Zone 5	do	9.2 cents	9.9 cents	10.5 cents	11.1 cents			
Zone 6	do	11.2 cents	12 cents	12.8 cents	13.6 cents	26.1	29	33
Zone 7	do	12 cents	12.8 cents	13.7 cents	14.5 cents			
Zone 8	do	14 cents	15 cents	16 cents	17 cents			
	Minimum per piece	1 cent	1.1 cents [3]	1.2 cents [3]	1.3 cents [3]			
Air 2d class	Pound	None	Regular rates plus added costs					
	Minimum per piece	do	4 cents					
Classroom publications		60 percent of regular rates.	60 percent of regular rates			.4	18	20
Nonprofit publications:								
Editorial	Pound	1.8 cents	1.9 cents	2 cents	2.1 cents	4.2	7	9
Advertising	do	1.8 cents		Zone rates				
	Minimum per piece	0.125 cent	0.13 cent	0.15 cent	0.2 cent			
Transient rate	1st 2 ounces	4 cents	5 cents	5 cents	5 cents	.5	92	91
	Each additional ounce	1 cent	1 cent	1 cent	1 cent			
Total						33.2		

See footnotes at end of table, p. 3917.

POSTAL RATE INCREASES, H.R. 7977—Continued

[1968 volume basis]

Mail class	Postage rate unit	Present rate	New rate—Effective date (cents): Jan. 7, 1968	New rate—Effective date (cents): Jan. 1, 1969	New rate—Effective date (cents): Jan. 1, 1970	New revenues (millions)	Cost coverage (percent): Now	Cost coverage (percent): After all pay and rate increases
Controlled circulation	Pound	13.5 cents	14 cents	14.5 cents	15 cents	6.4	58	68
	Minimum per piece	1 cent	1.9 cents	2.9 cents	3.8 cents			
3d class:								
Single piece	1st 2 ounces	4 cents	6 cents			69.8	86	103
	Each additional ounce	2 cents	2 cents					
Keys and identification devices	Each 2 ounces	6 cents						
	1st 2 ounces		14 cents					
	Each additional 2 ounces		7 cents					
Bulk rate:								
Regular:								
Circulars, etc.	Pound	18 cents	22 cents	22 cents		[5] 154.1- 182.8	61	72- 75
	Minimum per piece	2.875 cents	3.6 cents	3.8 to 4 cents [4]				
Books, catalogs, etc.	Pound	12 cents	16 cents	16 cents				
	Minimum per piece	2.875 cents	3.6 cents	3.8 to 4 cents [4]				
Nonprofit:								
Circulars, etc.	Pound	9 cents	11 cents	11 cents				
	Minimum per piece	1.25 cents	1.4 cents	[6] 1.6 cents		12.1	27	31
Books, catalogs, etc.	Pound	6 cents	8 cents	8 cents				
	Minimum per piece	1.25 cents	1.4 cents	[6] 1.6 cents				
Total						236.0-264.7		
4th class:								
Special rate	1st pound	10 cents	12 cents			11.5	45	49
	Each additional pound	5 cents	6 cents					
Library rate	1st pound	4 cents	5 cents			1.1	16	24
	Each additional pound	1 cent	2 cents					
Total						12.6		
Federal Government Mail	Applicable class rates		Applicable class rates			29.6	105	115
Total, new postal revenues						885.9-914.6	83	87- 88

[1] All 1st-class mail exceeding 13 ounces and all airmail exceeding 7 ounces will be carried as 1 class on a "most expeditious" basis, subject to a single air parcel rate schedule.

[2] Authorized agricultural publications will retain the current 4.2 cents advertising pound rate for zones 1 and 2.

[3] The current 0.5-cent minimum charge for publications mailing fewer than 5,000 copies outside the county of publication will be 0.6 cent in 1968, 0.7 cent in 1969, and 0.8 cent thereafter.

[4] Effective July 1, 1969; the higher rate for mailings in excess of 250,000.

[5] Effect of 250,000 piece exemption not determined.

[6] Effective July 1, 1969.

TITLE II—FEDERAL SALARY INCREASES

With one significant exception the differences between the House bill and the Senate amendment were relatively minor and technical.

The one exception was the Commission on Executive, Legislative, and Judicial Salaries contained in the House bill which was struck out in the Senate amendment. The provision establishing the Commission has been retained in the conference substitute with an amendment requiring that the recommendations to be submitted by the President are restricted solely to the proper levels for executive, congressional, and judicial salaries.

The conference substitute does not contain the provision of the House bill requiring the executive agencies to absorb certain costs of the salary increase. However, it is the firm intent of the House conferees that the Bureau of the Budget require all the departments and agencies to absorb, to the maximum possible extent, the additional cost above the amounts budgeted for fiscal year 1968 through attrition, not filling vacancies, and other actions aimed at achieving economies.

TITLE III—PROHIBITION OF PANDERING ADVERTISEMENTS

The Senate amendment contained Title III: Prohibition of Pandering Advertisements exactly as it passed the House of Representatives. This title was not in conference and is contained in the conference substitute.

TITLE IV—FEDERAL EMPLOYEES LIFE INSURANCE

The conference substitute contains Title IV Federal Employees Life Insurance as added by the Senate amendment, with the following major features:

(1) Provides life insurance equal to an employee's annual rate of compensation plus $2,000, with a minimum amount of insurance of $10,000, and a maximum of $32,000.

(2) Continues the rate of contribution of two-thirds for the employee to one-third for the Government, with authority for the Civil Service Commission to adjust the rate of contribution to level cost of the insurance.

(3) Authorizes an employee to obtain and pay the full cost of additional insurance at his option in amounts not more than the greater of $10,000 or an amount when added to the amount provided in section 8704(a) of title 5, United States Code makes the sum of his insurance equal to his annual pay.

The additional insurance provision would become effective 60 days after date of enactment and the optional insurance provision 180 days following date of enactment. Employees who die or retire between date of enactment and the effective dates will be covered by the additional insurance and will be deemed to have elected to purchase the optional insurance.

The annual cost of title IV is $35.4 million.

DIFFERENCES BETWEEN THE TEXT OF THE HOUSE BILL AND THE CONFERENCE SUBSTITUTE

TITLE I—POSTAL RATES

The coverage of title I of the House bill is identical with the coverage of title I of the conference substitute.

The major differences are discussed below.

Military mail

The House bill has several provisions designed to improve mail service for members of the Armed Forces serving overseas.

Free mail privileges.—Sections 101(b) and 101(c) of the House bill extend free mailing privileges for letters, cards, and sound recorded personal communications to all members of the U. S. Armed Forces overseas, and to all members hospitalized as a result of disease or injury incurred while on active duty.

The conference substitute does not include comparable provisions.

News publication airlift.—Section 102(b) (3) of the House bill amends title 39, United States Code, section 4303(d) (5), to extend the airlift for second-class news publications to all members of the U. S. Armed Forces overseas.

The conference substitute extends the airlift for such publications, which, under existing law, is furnished only to combat areas, to "isolated, hardship, or combat support areas overseas, or where adequate surface transportation is not available."

Parcel airlift.—Both the House bill (sec. 117) and the conference substitute (sec. 117) include authority for the space-available domestic air transportation for parcels up to 30 pounds upon payment of an additional airlift fee.

Second-class publication

Nonprofit publications.—Section 103(a) (2) of the House bill adds a new subsection (d) to section 4358 of title 39, United States Code, to provide a six-step, zone-based system of rates per pound (with one rate applicable to the advertising portion and a lesser rate applicable to the nonadvertising portion). The section also prescribes a minimum charge per piece of 0.2 cent per piece.

The conference substitute provides a minimum charge per piece as follows: 1968, 0.13 cent; 1969, 0.15 cent; and 1970 and thereafter, 0.2 cent.

The conference substitute adds a provision (sec. 4358(d) (2)) to the effect that any qualified nonprofit publication "the advertising portion of which does not exceed 10 per centum of such issue" shall pay postage based on the nonadvertising rates.

Agricultural publications.—Section 103(a) (2) of the House bill amends section 4358 of title 39, United States Code, relating to preferred rates of postage on publications, to establish a separate category for agricultural publications devoted to promoting the science of agriculture, 70 percent of the circulation of which are distributed to rural areas.

The conference substitute contains a similar provision, but adds a requirement that the publication furnish proof of qualification to be included in such category.

Educational television and radio.—The House bill contains no provision to include publications by educational television or radio stations within a preferred rate category.

Section 103(a) (2) of the conference substitute, amending section 4358 of title 39, United States Code, adds to the definition of qualified nonprofit organizations "program announcements or guides published by an educational radio or television agency of a State or political subdivision thereof or by a nonprofit educational radio or television station."

Section 121 of the conference substitute amends section 4355(a) of title 39, United States Code, to permit such publications to qualify for second-class rates even though the publications do not meet all of the qualifications required by law of regular publications, such as the need for a legitimate list of subscribers.

Regular publications.—Section 104(a) (1) of the House bill amends section 4359(b) of title 39, United States Code, to provide a three-step increase (1968, 1969, and 1970) in the pound rates and the minimum charge per piece for regular rate publications.

The rates per pound on the advertising portion of such publications for zones 1, 2, 3, and 4 are as follows:

[In cents]

	Mailed during calendar year 1968	Mailed during calendar year 1969	Mailed on and after Jan. 1, 1970
Rate per pound:			
Advertising portion:			
Zones 1 and 2	4.5	4.8	5.1
Zone 3	5.6	5.9	6.3
Zone 4	7.7	8.2	8.7

The conference substitute increased each of three rates by 0.1 cent so that the new rates are as follows:

[In cents]

	Mailed during calendar year 1968	Mailed during calendar year 1969	Mailed after Dec. 31, 1969
Rate per pound:			
Advertising portion:			
Zones 1 and 2	4.6	4.9	5.2
Zone 3	5.7	6.0	6.4
Zone 4	7.8	8.3	8.8

Air transportation.—Section 104(a) (1) of the House bills adds subsection (d) to section 4359 of title 39, United States Code, to authorize the transportation by air on a space-available basis of second-class publications, upon request by the publisher or news agent and the payment of the regular rate of postage plus additional charges prescribed by the Postmaster General in an amount equal to the allocated costs incurred by the Department for the delivery of such matter by air which is in excess of the allocated costs which would have been incurred for surface transportation.

The conference substitute includes a similar provision authorizing the transportation by air on a space-available basis of such publications, and adds a requirement that the additional charge plus the regular postage, shall be not less than 4 cents per piece.

Surcharge.—Section 104(a) (1) of the House bill adds subsection (f) to section 4359 of title 39, United States Code, to apply a surcharge of 0.3 cents per copy in addition to the regular postage when more than 500,000 copies per issue are mailed at the regular second-class rates. The surcharge is payable only on (1) each copy in excess of 500,000 copies per issue mailed at the original point of entry, and (2) each copy mailed at other than the original point of entry.

The conference substitute does not include a comparable provision.

Separation of mail.—Section 111 of the House bill amends section 4363 of title 39, United States Code, to require publishers and news agents to perpare second-class mail matter for mailing "in the manner directed by the Postmaster General."

Section 111 of the conference substitute provides that the Postmaster General "may" require publishers and news agents "to separate, make up, and address second-class matter, in such manner as he directs, in accordance with a five-digit ZIP code system."

Inserts and advertising supplements.—Section 115 of the House bill added a new section 4656 to title 39, United States Code, entitled "Enclosures mailed with second-class publications," to require that bills or receipts mailed with the publications entered as second-class mail, either loose or bound in publications, and advertising supplements mailed with such publications, shall be charged postage at first-, third-, or fourth-class rates, as appropriate, had such matter been mailed other than with the publications.

The conference substitute contains no comparable provision. However, section 104(c) amends section 4365 of title 39, United States Code, to exclude "bills" from the list of permissible items that may be mailed at second-class rates, so as to require the payment of first-class postage.

Considerable concern exists on the part of the managers of the conference that existing postal regulations relating to advertising supplements are not being enforced. The managers of both the Senate and the House have promised to hold hearings on this subject early next session.

Third-class mail

Bulk rate regular.—Section 107(a) of the House bill amends section 4452 of title 39, United States Code, to provide a minimum charge per piece of 3.8 cents for regular matter mailed on or after January 7, 1968.

The conference substitute provides a minimum charge per piece of 3.6 cents, effective January 7, 1968, and 4 cents on July 1, 1969, except that the rate for the first 250,000 pieces mailed by any one mailer in 1 year, shall be 3.8 cents per piece. The term "mailer" in the immediately preceding sentence refers to the person or firm initiating or sponsoring the mailing and for whose benefit it is made.

Bulk rate non profit.—Section 107(a) of the House bill amends section 4452 of title 39, United States Code, to provide the minimum charge effective January 7, 1968, of 1.9 cents per piece for matter mailed by qualified nonprofit organizations except that a minimum charge of 1.3 cents per piece is prescribed for matter mailed by qualified nonprofit organizations (1) which are organized for charitable, religious, or general health purposes, and are engaged predominantly in the accomplishment of such purposes, or (2) when such matter mailed by qualified nonprofit organizations consists wholly of solicitations of funds to be used for charitable, religious, or general health purposes.

Section 107(a) of the conference substitute provides for a minimum charge per piece for bulk nonprofit third-class mailings in an amount equal to 40 percent of the minimum charge of 3.6 and 4.0 cents per piece prescribed for regular bulk mailings.

The conference substitute eliminates any distinction for mailings by nonprofit organizations organized for charitable, religious, or general health purposes, or for mailings consisting wholly of solicitations of funds.

Special rate fourth-class mail

General rate.—Section 108(a) (1) of the House bill amends section 4554 of title 39, United States Code, to provide a general rate of 16 cents for the first 2 pounds and 6 cents for each additional pound.

The conference substitute provides a rate of 12 cents for the first pound and 6 cents for each additional pound.

The conference substitute also adds "scholarly bibliography" to the definition of books, which is included in both the House and the conference substitute provisions.

Library rate.—Section 108(a) (2) of the House bill amends section 4554 of title 39, United States Code, to provide a library rate of 8 cents for the first 2 pounds, and 3 cents for each additional pound.

The conference substitute establishes a rate of 5 cents for the first pound, and 2 cents for each additional pound.

Invoices.—Section 101(d) of the House bill, and section 101(b) of the conference substitute, both amend section 4251(a) of title 39, United States Code, to require that "bills and statements of account" be mailed at first-class rates.

Section 115 of the conference substitute amends section 4555(a) of title 39, United States Code, to permit invoices "whether or not also serving as bills, if they relate solely to the matter with which they are mailed," to be enclosed with fourth-class matter. This provision constitutes an exception to the requirement that bills be mailed at first-class rates. Invoices serving as bills also may be enclosed with third-class matter under title 39, United States Code, section 4453, authorizing third-class matter to include enclosures that are permissible in the case of fourth-class matter.

Miscellaneous.—Section 108 of the conference substitute, amending section 4554 of title 39, United States Code, relating to the special rate for certain fourth-class mail matter, adds several items to the categories entitled to such special rates, as follows:

(1) "Playscripts" was added to the general rate items (sec. 4554 (a) (6)).

(2) The library rate (sec. 4554(b)) is amplified so that the institutions between which the items may be mailed include "museums and herbaria," and that the material to be mailed includes "museum materials, specimens, collections, teaching items, printed matter, and interpretative materials intended to inform and to further the education work and interests of museums and herbaria."

(3) A technical correction is made to include "to or from" in section 4554(a) (2), relating to the prohibition against mailing films to or from commercial theaters.

Conforming amendments

Section 114 of the conference substitute, amending sections 4653 and 4654 of title 39, United States Code, relating to matter for the blind and other handicapped persons, adds a requirement that the physical impairment of such persons be certified by competent authority.

Section 120(a) of the conference substitute contains three amendments to the public service provisions of section 2303 of title 39, United States Code, to conform with several provisions of the conference substitute, as follows:

(1) Subparagraph (a) (1) (A), relating to public service losses due to "reduced rates for certain publications as provided by section 4359" is repealed.

H.R. 7977 moves the reduced rate publications from section 4359 to section 4358, which are covered as public service items in subparagraph (a) (1) (C).

(2) Subparagraph (a) (1) (D), relating to free postage for the blind, is rewritten to include free postage for similar handicapped persons who are included in the free mailing provision by section 114 of the conference substitute.

(3) Subparagraph (a) (1) (I), relating to reduced rates on "educational material" under section 4554, is amended by omitting the word "educational" to conform with the omission of the word "educational" from the section heading of section 4554 by section 108(c).

Section 120(b) of the conference substitute repeals paragraph (6) of section 4552(c), relating to size and weight limits of Braille writers and similar items for the blind, to conform with the new provisions of section 4653 as amended by section 114 of the conference substitute, which authorized the Postmaster General to fix the size and weight limits of such items mailed free of postage to the blind or other handicapped persons.

Effective dates

Section 119 of the conference substitute advances the effective date for many of the postal rate provisions, which was prescribed by section 119 of the House bill, so that all of title I of the conference substitute shall become effective on January 7, 1968.

TITLE II—FEDERAL SALARY INCREASES

Pay conversion rules

The rules under the House bill for conversion of employees to the new salary schedules provide that an employee receiving basic pay immediately prior to the effective date of the new schedules at a rate in excess of the maximum rate for his grade shall be converted to—

(1) The maximum rate for his grade at the new schedule, or

(2) His existing rate of basic pay if such existing rate is higher.

This rule is applied under the House bill to General Schedule employees under section 202(b) (3) and to postal field service employees under section 205(e) (4) and section 205(g) (2).

The conference substitute added a requirement that the existing rate, when higher than the new maximum rate, be increased by the amount of the applicable pay increase.

Fourth-class postmasters

Section 205(c) of the House bill amends section 3544, title 39, United States Code, to provide a new method of fixing the annual rate of basic compensation of postmasters at fourth-class post offices. The position of such a postmaster is to be ranked in salary level 6 of the Postal Field Service Schedule, and the annual rate of basic compensation of the particular postmaster will be an amount which bears the same ratio to the annual rate of basic compensation for full-time service "as the total number of hours of service" bears to the total number of hours of full-time service.

Section 205(c) of the conference substitute contains similar provisions, but requires that "the average number of hours of service per day" be used as the basis for computing the ratio in lieu of "the total number of hours of service," as provided in the House bill.

Subsection (c) of section 3544, as amended by section 205(c) of the House bill, also provided that the quarters allowance for postmasters at fourth-class post offices be based on 15 percent of the rate of compensation for PFS–6, step 1.

The conference substitute requires the quarters allowance to be based on 15 percent of the pro rata rate of basic compensation of PFS–6, step 1, applicable to the particular postmaster.

Special postal salary ranges

Sections 207(c) and (d) of the House bill amend section 5303(a) of title 5, United States Code, and add a new section 3561 to such title, to authorize the President to delegate to the Postmaster General authority to fix rates of compensation for positions unique to the postal field service, above the minimum rate of the grade in localities where recruitment or retention is handicapped. Existing law authorizes the President to delegate such authority to the Civil Service Commission.

The conference substitute does not include comparable provisions.

Effective date

Section 212(2) of the House bill provides that the third comparability pay adjustment for employees would become effective April 1, 1969.

Section 212(2) of the conference substitute provides that the third-phase increase will become effective July 1, 1969.

Commission on Executive, Legislative, and Judicial Salaries

Section 216 of the House bill establishes a special Pay Commission to determine the proper levels for executive, congressional, and judicial salaries once every 4 years. The recommendations of the Commission would be considered by the President, who would make such recommendations to the Congress as he felt appropriate with respect to rates of pay and amounts and kinds of expenses and allowances. The recommendations would become effective at the beginning of the first pay period which begins after the 30th day following the transmission to the Congress, unless Congress, in the meantime, has enacted legislation contrary to such recommendations.

Section 225 of the conference substitute contains similar provisions except that the authority of the Commission shall not apply to the amounts and kinds of expenses or allowances.

Absorption of costs

Section 225 of the House bill requires agencies, except the Post Office Department, to absorb certain of the pay cost increases which would be in excess of the total amount included for such costs in the budget of the U. S. Government for the fiscal year ending June 30, 1968.

The conference substitute does not contain a comparable provision.

However, the managers on the part of the House emphasize that the elimination of the provisions requiring the absorption of costs is not to be interpreted as a retreat from the principle of economy. The managers have agreed to this elimination in view of the delay in obtaining final enactment of the legislation, and the fact that there would be less than 6 months remaining during the current fiscal year during which the agencies would be required to absorb this cost. It is the desire of the managers that the heads of each executive agency review with meticulous care each vacancy resulting from voluntary resignation, retirement, or death, and determine whether the duties of the position can be reassigned to other employees, or whether the position can be abolished without seriously affecting the execution of essential functions.

It is not the intent of the managers that any individual be separated from the service by reduction in force or other personnel action, or that they be placed in a leave-without-pay status by reason of any increased cost that may be occasioned by enactment of the pay increases. However, each agency is cautioned to trim their expenditures wherever possible to take care of these costs.

Legislative and judicial salaries

The differences in rates of compensation for, and in provisions relating to, certain officers and employees of the legislative and judicial branches are set forth below.

	House	Conference substitute
U.S. attorneys	Sec. 211 provides increases in compensation for assistant U.S. attorneys.	A provision is added to authorize increases for assistan U.S. attorneys as well as U.S. attorneys.
Commissioners, U.S. Court of Claims.	No provision.	Sec. 213(e) amends sec. 792(b) of title 28, United States Code, to increase the rate of compensation for commissioners, U.S. Court of Claims, from \$26,000 to \$29,000.
Senate employees	Contains no provision relating to increases in rates of compensation for Senate employees.	Sec. 214(g) to (n) contains the usual authority authorizing comparability increases in compensation granted under sec. 201 of the conference substitute.
Dual compensation	No provisions	Sec. 214(o) amends sec. 5533(c) of title 5, United States Code, relating to dual compensation applicable to legislative employees paid by the Secretary of the Senate, the Clerk of the House of Representatives, or the Architect of the Capitol. The limitation of \$5,987 per year prescribed by the existing provisions of law, as amended by Public Law 90–57, for employees in positions with rates of compensation fixed at a single gross per annum rate, is increased to \$6,256 per annum, to correspond with the 4.5 percent pay increase granted to legislative employees. Continues the \$2,000 per annum limitation which applies to the pay of employees in positions for which the rate of compensation is fixed by a basic rate plus additional compensation authorized by law.

Uncontrollable overtime.—Section 218 of the House bill amended section 5545(c) (2), relating to uncontrollable overtime duty, to remove the limitation of "not in excess of 15 percent" and inserted "not less than 20 percent nor more than 30 percent."

Section 217 of the conference substitute provides for not less than 10 percent nor more than 25 percent.

Employees on leave without pay serving certain labor organizations.—Sections 220 and 221 of the House bill amend the various provisions of title 5, United States Code, relating to group life insurance, health benefits, and retirement, to permit employees on approved leave without pay, who are serving as full time officers or employees of a labor organization which includes both Federal and private employees, to come within the provisions of such employee benefit programs.

The conference substitute does not contain comparable provisions.

Nepotism.—Section 222 of the House bill prohibits a public official of the Government of the United States from appointing or recommending for appointment or promotion to a position in the agency in which he is serving, or over which he exercises jurisdiction or control, any person who is a relative of such official.

Section 221 of the conference substitute clarifies the language of the provision to conform with the provisions of title 5, United States Code; amplifies the definition of relatives by adding to the definition "husband, son-in-law, daughter-in-law, half brother or half sister"; contains an authorization for the Civil Service Commission to prescribe regulations permitting the greater employment of individuals whose employment otherwise would be prohibited by this provision in the event of emergencies resulting from natural disasters or similar unforeseen events or circumstances; and includes an exemption covering situations where the individual is a preference eligible and his being passed over would result in the selection of a nonpreference eligible.

Wage board classification appeals.—Section 223 of the conference substitute adds a new section 5345 to title 5, United States Code to extend to a wage board employee the right of an appeal to the Civil Service Commission for the review of action by an agency in clarifying his position for pay purposes.

The House bill had no comparable provision.

Traveltime.—Section 224 of the House bill rewrites present law (5 U.S.C. 5542(b)) and adds a new section 5542a, to authorize Federal employees generally (not including wage board or postal field service employees) to count time spent in actual travel outside regular hours of work for overtime, Sunday, or holiday pay purposes.

The time authorized to be counted by employees below GS–10, or an employee in a comparable position, is actual traveltime in traveling—

(1) During an emergency;

(2) Between place of work or lodging and temporary assignment on the same day;

(3) The first or last 4 hours to or from an overnight stop; and

(4) On nonworkdays during hours corresponding to Regular working hours.

Section 222(a) of the conference substitute revises existing provisions of section 5542(b), and adds two additional situations during which traveltime will count as hours of work—

(1) Time incident to travel that involves the performance of work while traveling; and

(2) Travel that results from an event which could not be scheduled or controlled administratively.

Section 222(b) of the conference substitute adds a new subsection (e) to section 3571 of title 39, United States Code, to include authority for postal field service employees to count traveltime as hours of work under similar circumstances.

Section 222(d) of the conference substitute amends section 5545(a) of title 5, United States Code, to grant similar benefits to wage board employees.

Section 222(c) of the conference substitute adds a new section 5733 of title 5, United States Code, requiring that travel of an employee shall be by the most expeditious means of transportation practicable, and shall be commensurate with the nature and purpose of the duties of the employee requiring such travel.

The managers on the part of the House recognize that matters relating to travel of Government employees ordinarily are considered in the House by the Committee on Government Operations. However, these provisions were added by the Senate and are part of the section adopted by the conferees.

Concern was expressed by the managers in connection with the new requirement that the travel be by the most expeditious means of transportation because of information that at least one agency, the State Department, has a prescribed number of miles per day which an employee is required to travel in considering his pay, leave, and per diem status during the period of travel. It is understood that this requirement is a part of the Uniform State, AID, USIA, and Foreign Service Travel Regulations, section 145.4—2.

There was not sufficient time for the conferees to obtain information on this question, and the Bureau of the Budget and the General Accounting Office are requested to review this or any similar regulation, and furnish necessary information as to the justification for such a practice, to the appropriate congressional committees.

Annuity computation.—Section 224(b) of the conference substitute amends 5 U.S.C. 8339(e) (2), limiting retirement annuity for Members to 80 percent of "the final basic pay of the Member," to permit a Member who accepts an appointive position to elect to have his annuity computed or recomputed on the basis of the final basic pay of the appointive position.

The House bill had no comparable provision.

Allowances for former Presidents.—Section 224(c) of the conference substitute amends section 1(b) of the act of August 25, 1958 (3 U.S.C. 102, note) to increase the maximum amount of office expense funds available for payment of staff members of former Presidents of the United States, from $65,000 per annum to $80,000 per annum, and increases the maximum salary of one staff member from the maximum salary level of a member of a Senator's staff to the salary of level II of the Executive Schedule under 5 U.S.C. 5313.

Office of Economic Opportunity employees.—Section 226 of the House bill prohibited employees of the Office of Economic Opportunity from receiving any increase in basic salary by reason of the enactment of this act.

The conference substitute contains no comparable provision.

TITLE IV—FEDERAL EMPLOYEES' LIFE INSURANCE

Title IV of the conference substitute amends the Federal employees' group life insurance program, title 5, United States Code, chapter 87, to provide additional life insurance, to strengthen the financial condition of the insurance fund, and to authorize the purchase of optional insurance coverage.

Section 401 amends section 8704(a) of title 5, United States Code, to provide life insurance (and an equal amount of accidental death and dismemberment insurance) equal to the employee's annual pay, rounded to the next higher $1,000, plus $2,000; a minimum of $10,000; and a maximum of $32,000. The maximum will be raised correspondingly whenever level II of the Executive Pay Schedule is increased.

Sections 402 and 403 amend sections 8707 and 8708(a), respectively, to provide for mandatory establishment of a premium contribution rate equal to the level cost of the insurance, such contribution rate to be established by the Civil Service Commission and revised from time to time as required to make any changes in the actual level cost of the program. The employee will continue to pay two-thirds of the cost and his employing agency will continue to pay one-third. The existing 25 cents per $1,000 limitation on the employee's biweekly contribution is repealed. The revision will have the desirable effect of fully financing the cost of the benefits provided.

Section 404 adds a new section, 8714a, to title 5, United States Code, authorizing the Commission to make available to employees, for purchase at their own expense, additional optional life insurance in amounts to be determined by the Commission. While certain statutory requirements are prescribed, the optional coverage would be made available under such conditions as the Commission shall prescribe. It would be provided by the insurance industry in the same manner as the regular insurance; would continue into retirement the same as regular insurance, if purchased at the first opportunity or in force for 12 years immediately preceding retirement; would reduce 2 percent a month, down to 25 percent, beginning at retirement or age 65, whichever occurs later; would include an equal amount of accidental death and dismemberment protection up to the time of retirement but not thereafter; and would be paid for through deductions from the employee's salary or annuity, the Government paying no part of the cost of such coverage. Such optional insurance may not exceed $10,000, or an amount which, when added to the basic coverage, does not exceed a participating employee's annual salary.

Section 405 provides that increases in premiums made in the regular insurance program would be effective approximately sixty days after enactment, the provisions not affecting any employee who resigned, retired, or died prior to the time of enactment. It further provides that the optional insurance provisions will become effective between 90 to 180 days after enactment.

Section 406 makes the insurance fund available for payment of expenses incurred in administering the optional insurance provisions, as it is presently available for the purpose of carrying out the existing program.

The House bill contains no similar provisions.

T. J. Dulski,
David N. Henderson,
Arnold Olsen,
Morris Udall,
Dominick V. Daniels,
Glenn Cunningham,
Managers on the Part of the House.