

Now, this is an attempt to balance the considerations that you indicated, which are certainly real considerations. As I indicated to Mr. Betts, we have to take those into account—to balance pay considerations on the one hand, with our fiscal requirements and fiscal needs, on the other. This is why we submitted, and I realize there is a controversy over it, what we thought was a fair and reasonable increase with a specific point in the bill relating to the next 2 years so that over the 3-year period we would get to the comparability standard of the Salary Reform Act.

What we are asking the Congress is to stay with that recommendation in view of the fiscal problems which are facing us. It seems to me this is a responsible and reasonable course to pursue. In view of the fact that we are coming up here to ask the American taxpayer for additional taxes, at the same time we have come forward with a reasonable but not excessive pay increase.

Mr. BROYHILL. I believe that we can save a great deal more money by a little better management control of the personnel structure and making certain that there is adequate work for the employees. Then we can effect the economies that we are talking about.

Mr. SCHULTZE. Mr. Broyhill, in a Federal Government with 2.9, almost 3 million, employees, far be it from me to say that in every part of the Government that we have effective personnel management. Obviously we don't.

At the same time we can point to impressive accomplishments in department after department in terms of productivity, in terms of getting more work out of the same number of employees, or in terms of workloads increasing faster than the number of employees.

We are at great pains, and I can't say always successfully, in case after case to do this. For example, to take one which is close to home, the Bureau of Accounts in the Treasury has a record of productivity increases which can't be matched, I think, by private business going.

The Veterans' Administration Life Insurance Office, the Social Security Administration, I can go right down the line. We obviously can have a lot more improvement. I am sure you can point to cases where we have a lot to do.

Mr. BROYHILL. I would like to pass on what employees have told me over the period of the last 15 years.

Now the three-step proposal, would that in your opinion bring the Federal employee up to comparability?

Mr. SCHULTZE. It is calculated to do that, yes, sir.

Mr. BROYHILL. Are you stating that they are not up to comparability at this point and that the 4½ percent this year—

Mr. SCHULTZE. Primarily in the upper grades. If you look at the lower grades—I must admit it is very disturbing to me, disturbing although understandable—the fact that it is the upper grades that the gap between private pay and Federal pay is the largest, but all the pressure for the increases, as you know, Mr. Broyhill, comes at the lower grades. I don't think before this committee I need to go into that too much further, but it is a disturbing fact.

Nevertheless, you are correct that particularly in the grades above 7, 9, and 11, there is a gap, but we have a proposal and we have submitted that to Congress to close that gap. We have closed it a good bit in the last 4 years, but still some remains.