

be needed in the Bureau of the Census over and above the employment level prevailing in April 1967.

Although this provision was adopted as part of an economizing measure, its impact is, in some cases, contradictory to efforts to economize. For example, a reduction in the employment of the Internal Revenue Service will cost us, in taxes foregone, several times the annual salary of the employees. Reimbursable work done for non-Federal customers does not cost the U.S. taxpayer any money and, in some instances, can result in payments by other governments which would help our overall balance of payments; however, such work is covered by the provision. Reductions in employment financed by assessments on the credit institutions—as in the case of the Federal Home Loan Bank Board, the Farm Credit Administration, the Comptroller of the Currency, and the Bureau of Federal Credit Unions—have no effect upon net budget outlays and provide no savings for taxpayers, but could have an adverse effect on legally required Government surveillance over the supervised institutions.

Despite the problems and drawbacks, the administration is executing the law in accordance with the wishes of the Congress. The Bureau of the Budget has issued regulations to all executive agencies prescribing procedures for carrying out the hiring restrictions in the law. Some leeway is provided in the form of authority given to the Budget Director to transfer vacancies which can be filled under the law where necessary because of the creation of new functions, changes in functions, or requirements for efficient operation of Government activities. In accordance with instructions from the President, I have followed a very restrictive policy in reviewing requests for relief under this transfer authority. While many of the individual requests have obvious merits and can be justified individually, the situation I face is that every request I approve results in an increased burden on other agencies trying to do bigger jobs with fewer people. The limited authority granted under the law does not permit me to exempt any agency; it permits me only to reassign vacancies from one agency to another.

The urgent need to get started on the new "Safe Streets" program as well as various hardship situations have required me to grant some relief to the Justice Department and a few other agencies, amounting to about 600 positions. This means that all the other agencies must contribute this number of vacancies in addition to the reductions which the 75-percent replacement policy requires of them.

After careful review of the situation, I have recently directed all agencies subject to the limitation with more than 50 full-time employees to limit replacements to 70 percent of vacancies occurring on or after September 1, thereby making available for reassignment to other agencies the difference between 70 percent and 75 percent of their separations. This step was necessary to enable us to begin new programs and maintain other essential Government operations.

In accordance with the law, we will be making quarterly reports on employment to the Congress. Beginning this fall when data for the July-August-September quarter are available, the first report will be submitted. At present, we have figures only for the month of July. They indicate that temporary and part-time employment of the departments and larger agencies was more than 14,000 below the required