

is what came out of the conference. But now we are getting exemptions which Congress has been enacting in a way that doesn't put the additional burden on agencies like the Renegotiation Board.

Chairman PROXMIRE. And you turned down the Renegotiation Board—

Mr. ZWICK. Yes, sir. Now let me come to the Renegotiation Board. First, the amount of discretion I have is very limited, and I think if you read the report of the managers of the tax bill, you will see this. There is a paragraph that says that they so interpret that discretion to say that generally I will, when agencies reach their June 1966 level, hold them at that level. In other words, I will transfer vacancies to them.

This came out of a dialog on the floor of the House of Representatives the day they were debating the so-called Burke amendment to make the cut \$4 billion rather than \$6 billion.

The question was what was going to happen to the Veterans' Administration when it got below the June 1966 level. At that time Congressman Mills stated that the conference had no intention of cutting the Veterans' Administration below the June 1966 level. The report of the managers clearly states that.

I have sent a letter to Congressman Mills saying I have read the report of the managers, and I would not take the Veterans' Administration below its June 1966 level until the overall criterion of more efficient operation of the Government made it necessary. I further stated that if I did that, I would so notify the Congress. So that the amount of flexibility I have in this bill is very limited.

Every time I give relief to any agency I have to take it away from another agency and I have had requests for something like 25,000 positions, and I have had no offers so far of positions to be given up.

Chairman PROXMIRE. When you include the Agriculture Department and all the other departments not exempt, how many employees are there?

Mr. ZWICK. About 2 million.

Chairman PROXMIRE. 2 million?

Mr. ZWICK. Yes.

Chairman PROXMIRE. You have only permitted 600?

Mr. ZWICK. Yes.

Chairman PROXMIRE. And in the case of the Renegotiation Board John Williams himself has said 210 or 220 may be necessary. I just can't understand why you can't find 25 out of 2 million employees.

Mr. ZWICK. Well, I would like to address the question of the Renegotiation Board directly. I have got requests for a total of over 25,000 vacancies. I have had no offers. I cannot direct Secretary Freeman to fire people in Agriculture to make 25 people available. I have to deal with vacancies. We did not know on July 1 how many vacancies were going to become available because we knew nothing about turnover rates except past experience before the tax bill.

Second, Congress has been changing the bill almost daily, so I didn't know how many agencies were going to be exempted, and I couldn't transfer vacancies against them.

Third, I just had to get a better feel for where the problems were. And while you are certainly correct that there is merit to the argument of the Renegotiation Board, I make the following argument.

There is also merit to John Horne's request for relief for the Home Loan Bank Board, and he has got more money tied up in S. & L.'s in