

Mr. ZWICK. In addition, you are aware that Secretary Cohen has held back on grant programs for hospital construction. He started in May to hold back on grants, and by delaying these grants for 6 months, he picks up significant expenditure reductions.

Senator JAVITS. On hospital modernization, Mr. Zwick—forgive me, but I have something in mind that I don't want to forget. You spoke about the influence on your bookkeeping of back door financing. Now, do you include in that term "back door financing" this new technique that we have now introduced in hospital modernization, which is a U.S. guarantee of the indebtedness, the bonded indebtedness of a hospital itself, with the U.S. underwriting of higher interest rate; that is, the U.S. underwriting?

Mr. ZWICK. Well, the difference, the interests differential—

Senator JAVITS. Yes.

Mr. ZWICK (continuing). Would require budget authority. The guarantee part would not.

Senator JAVITS. That is fine. That is very important to us because we think we have a way around it, you see.

Chairman PROXMIRE. In response to another question that Senator Javits asked you, you did not indicate any specific way except repealing the law, in which we could meet this employment freeze. Frankly, I think that until there is a new President, maybe we will do it if there is a President Nixon or President Humphrey or President Wallace, but unless there is a new President, until there is a new President, I doubt very much if we are going to unfreeze this employment situation.

Meanwhile we have a very, very unfortunate situation in Internal Revenue Service, in Renegotiation Board, and elsewhere.

Mr. ZWICK. That is correct.

Chairman PROXMIRE. So that I do hope you will take seriously the suggestion we made that you get to us any information you can, any statement that you would like to make in the next day or two, so that we could make a fight to provide a maximum opportunity to put the personnel in these areas where the public interest demands them. I think it will be very helpful to us.

Mr. ZWICK. Senator, I will just repeat what I said earlier.

Chairman PROXMIRE. I know it is tough.

Mr. ZWICK. This is a very limited authority I have, and when I take other agencies down to 70 percent, and if I have to protect the Veterans' Administration—

Chairman PROXMIRE. But when there are only 600 employees out of 2 million who have been transferred, it is obvious that this isn't working at all.

Mr. ZWICK. The 2 million is not a useful way to look at this problem. The way to look at it is how many vacancies are being created.

I have taken all agencies from a 75-percent replacement rate to 70 percent. We won't know until we know more about the turnover rate, but we are guessing we will get 1,000 positions out of that. In other words, by taking the replacement rate from three out of four to seven out of 10, or from 75 percent to 70 percent, I will get about 1,000 positions per month to reallocate.

Now, if I take them to 60 percent, I have 3,000 positions to reallocate. If I take them to 50 percent, I have 5,000, if those turnover rates hold