Despite the problems and drawbacks, the Administration felt that enactment of the 10% tax surcharge was so important to the national interest that it accepted the employment limitation. And the Administration acted promptly and vigorously to execute the law in accordance with the wishes of the Congress. On the day the tax bill was signed, the Bureau of the Budget issued regulations to all executive agencies prescribing procedures for carrying out the hiring restrictions in the law.[2]

AGENCY EXEMPTIONS FROM THE LAW

Congress itself has recognized the various difficulties created by the arbitrary nature of the provision by granting exemptions for the postal field service, TVA power activities, the FBI, and the FAA air traffic control system. Under these exemptions about 20% of the Government's employment is no longer covered by the law. Additional exemptions also have been proposed in the Congress for other employees.

The original version of the employment limitation was added on the floor of the Senate. Therefore, a committee report, which could have served as a guide for congressional intent, was not available. The language of the bill (H.R. 15414) was unfortunately subject to differing interpretations.

The Senate version exempted the Department of Defense, the postal field service, the Central Intelligence Agency, the Tennessee Valley Authority's power activities, and the Federal Bureau of Investigation, *and required that the remailing agencies absorb the increases of the exempted ones.* Since Defense and Post Office employees alone make up almost 70% of Federal employment, the agencies with the remaining 30% would have been required, under the Senate version, to absorb the increases of these two agencies.

Moreover, the Senate bill implied that future additions to the number of positions in the Post Office and Defense would have to be made by transferring vacancies from other agencies. Since the Post Office and Defense Departments were adding more positions than the other agencies were creating vacancies, this interpretation of the Senate version would have required a complete embargo on any hiring in other agencies.

It was quite clear that the intent of the conferees was to have Government employment as a whole come down month by month. Since the Post Office is growing rapidly as mail volume increases, and civilian employment in the Defense Establishment is growing (partly through the "civilianization" policy mentioned earlier), under the Senate version total employment for the Government would not have come down, but would, in all probability, have continued to rise.

As a result, *the Senate version was clearly unworkable.* Accordingly, the Administration believed that it would be better to have no agency exceptions than to retain the provisions of the Senate bill.

Unlike the original Senate version, the exemptions which Congress has passed have been worded in such a way that the non-exempt agencies do not have to absorb the increases of the exempted ones. The Administration has not objected to exemptions of that type.

FLEXIBILITY IN REASSIGNING VACANCIES

Language was developed in Conference which permitted vacancies to be reallocated among the several agencies and departments. The purpose of this language was to provide some flexibility in administering the rollback in Government employment.

The present law provides that the Director of the Bureau of the Budget may reassign vacancies from one department or agency to another when such reassignment is, in the opinion of the Director, necessary or appropriate because of the creation of a new department or agency, because of a change in functions, or for the more efficient operation of the Government.

This authority provides some administrative flexibility, but it is severely limited because:

1) The Budget Director can only reassign *vacancies*, not employees.

2) Vacancies msut be available before they can be reassigned. There were no vacancies on July 1, 1968, because the law had the effect of eliminating all vacancies which existed on July 1, 1968.

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[2] These regulations are contained in Bulletin No. 68–15 issued by the Bureau of the Budget on June 28, 1968.