

ESTABLISHMENT OF CIVIL SERVICE ADMINISTRATION  
AND EXTENSION OF MERIT SYSTEM AND CLASSIFI-  
CATION ACT

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AUGUST 18, 1937.—Committed to the Committee of the Whole House on the  
state of the Union and ordered to be printed

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Mr. MEAD, from the Select Committee on Government Organization,  
submitted the following

R E P O R T

[To accompany H. R. 8277]

The Select Committee on Government Organization, to whom was referred the bill (H. R. 8277) to establish a Civil Service Administration, to extend the merit system, to extend the Classification Act of 1923, and for other purposes, having considered the same, report it back to the House without amendment and recommend that the bill do pass.

GENERAL STATEMENT

The purposes of this bill are (1) to reorganize and improve the administration of the civil-service laws, (2) to provide for the extension of the classified civil service, and (3) to authorize the extension of the Classification Act of 1923, as amended.

Title I and II of the bill provide for the reorganization of the civil-service administration by the abolition of the existing commission of three members, and the creation in its place of a single Administrator and a Civil Service Board of seven members. An improved and strengthened central personnel administration is essential if the classified civil service is to be extended to the employees who are now outside of the service. Effective and efficient administration requires a single executive head of this important managerial function under the general direction of the Chief Executive.

The Civil Service Commission was set up over 50 years ago, and at that time only about 15,000 employees were placed within the classified civil service. The number has now reached more than 500,000 civil-service employees, and there are about 300,000 employees outside of the classified civil service. It is well known that the board form of organization is unsuited to large administrative tasks. It is

almost always slow, cumbersome, and inefficient when utilized for administrative functions. Its members serve for relatively short terms. The Civil Service Commission has been no exception to this rule. It is not suited to provide the constructive leadership, initiative, and vigorous administration needed in the central personnel agency of the Government. While many notable advances have been made in civil-service administration in the Government since the creation of the Civil Service Commission 50 years ago, it is increasingly being recognized that a more effective organization is needed. The protective features of the existing system will not be weakened by providing for more efficient and vigorous administration through a single responsible executive. The greatest stumbling block to the advancement of civil service in this country has been inefficient administration; the greatest step forward is to be achieved through the improvement of administration.

The central civil-service agency, like the Bureau of the Budget with its single head, is a managerial agency of the Chief Executive. As the Civil Service Commission is organized at present, however, it is difficult if not impossible for the President to exercise effectively the direction and leadership in bringing about more effective personnel management. The board form of organization is as equally unsuited for personnel administration as it would be for budgetary administration.

There has been a general trend in this country away from the board form of organization for civil-service administration. While all of the older laws provided for civil-service commissions, the recent State laws and municipal charters have more commonly provided for a single administrator in charge of the administration of civil service. The need for a single civil-service administrator in the Federal service has been recognized and widely advocated for a number of years. It was recommended by President Hoover in 1932, and was strongly supported by the then President of the Civil Service Commission.

In addition to the creation of a single Civil Service Administrator appointed by the President by and with the advice of the Senate, and serving for an indefinite term, the bill creates also a Civil Service Board of seven members, which will exercise important investigatory and advisory authority. This Board will serve as the "watchdog" of the merit system. To it will be drawn representatives of business, industry, labor, education, and other walks of life interested in the promotion of an efficient civil service. It will meet the need for an independent citizen agency charged with the duty of recommending broad policies, of making investigations into civil-service practices and methods, and of safeguarding the integrity of the system by bringing to the attention of the President, of the Congress, and of the people conditions or abuses demanding correction. This Board, though charged with no administrative duties, will play a large part in the development and improvement of the civil service.

Title III of the bill provides for the extension of the classified civil service by vesting in the President authority to cover into the classified civil service offices and positions now outside such service, except those which are filled by appointment by the President with the confirmation of the Senate.

The Government of the United States employs over 1,000,000 men and women. The extent of the classified civil service in the executive branch of the Government at the end of 1936 is indicated in the following table:

*Distribution of employees in the executive branch according to method of appointment,  
Dec. 31, 1936*

	Number of employees	Under classified civil service	Not under classified civil service
Regular establishments.....	717, 621	506, 512	211, 109
New and emergency agencies.....	113, 474	8, 726	94, 748
Total.....	831, 095	515, 238	305, 857
Percentage.....		60. 2	39. 8

Source: U. S. Civil Service Commission.

It should be noted, however, that of the employees outside of the classified civil-service system, approximately 35,000 are under a merit system set-up within the agency such as that of the Foreign Service, the Public Health Service, the Tennessee Valley Authority, and the Home Owners' Loan Corporation.

During the last 4 years there has been a great awakening of public interest in the improvement of the Government service. Not only the leaders of the country, but the people as well have come to see more clearly that good and effective government, as well as efficient and economical government must rest in the last analysis upon a highly competent public service.

This renewed interest in efficient civil service is shown particularly in the active work of national and local civic organizations, the establishment of "career training" courses here in Washington and at the leading universities, and the publication of important and scientific studies of Government personnel problems. There has never been as much public sentiment as there is now for the improvement of the public service.

An interesting illustration of this is found in the Nation-wide poll conducted in March 1936, by the American Institute of Public Opinion, the accuracy of whose polls has been repeatedly noted. The question whether the classified civil service should be extended to all except the highest offices and positions was submitted without argument to carefully selected "ordinary" citizens in all parts of the country. The result was an 88 percent vote for civil-service extension. It is significant that virtually no other question submitted in the past 2 years to a national poll has been accorded a higher affirmative vote.

This Nation-wide demand for better government personnel has already resulted in important new legislation in some 10 States during the legislative sessions this year. Five States (Arkansas, Connecticut, Maine, Michigan, and Tennessee) adopted civil-service laws for the first time. This is the largest number of States taking action of this sort in any one year in our history, and is a further indication of the attitude of public opinion at the present time.

These new State laws follow in the main the principles embodied in H. R. 8277. In every case the emphasis is placed upon constructive personnel administration and upon the close relationship of personnel administration to general administration, and not upon the negative aspects of civil-service administration as in the past. In each of these new State laws the administrative activities are placed under a "per-

sonnel director" instead of a board. The principle of extending civil service to all except the higher posts is recognized in each of these laws.

The time has come to extend the classified civil service in the Federal Government to the great majority of positions now outside of the service. The new and emergency agencies created since 1932 were necessarily exempted from the classified civil service. It was not possible at the time of their creation to determine how long their activities would be continued, and it would have been unwise to place them within the classified civil service at the outset. The situation is now changed. Positions in activities which are to be continued should be brought within the classified civil service without further delay.

The bill provides that incumbents of offices or positions covered into the classified civil service by the President under the authority of the bill will acquire a classified civil-service status only upon recommendation by the head of the agency concerned, certification by such head that they have served with merit for a prescribed period, and upon taking a noncompetitive examination given by the Civil Service Administrator. Your committee would regard it as unwise to blanket employees into the classified civil service without some test of their fitness. On the other hand, your committee believes that it would be unfair and unwise to require employees who have loyally served the Government to take an open competitive examination. Furthermore, this would place an impossible burden upon the Civil Service Administration and also would disrupt the service by reason of the loss of many employees who, though experienced and satisfactory, would be displaced by inexperienced persons with higher ratings.

It is the opinion of your committee that the provisions of this bill will provide the machinery for a real career service in the Government. It will offer an opportunity to the rank and file of Government employees to advance through promotion to high positions of honor and distinction. This step is essential to the building up of a great civil service.

Title IV provides for the extension of the Classification Act of 1923, as amended, by authorizing the President to extend the provisions of that act to offices and positions not now subject to its provisions. This action, which has been long delayed, will provide for the uniform application of definite salary standards and the more careful budgeting of personnel services.

#### ANALYSIS OF THE BILL

Section 1 designates the short title of the bill.

#### TITLE I. THE CIVIL SERVICE ADMINISTRATION

Section 2 establishes the Civil Service Administration, at the head of which will be a Civil Service Administrator, appointed by the President, by and with the advice and consent of the Senate.

Subsection (b) of this section creates an office of Deputy Civil Service Administrator. The incumbent of this office will be appointed by the Administrator and will act as Administrator in the absence of the Administrator.

Section 3 abolishes the United States Civil Service Commission and transfers to the Civil Service Administrator all of the functions of such commission.

Subsection (b) of this section provides that the provisions of the bill shall supplement, and not supersede, the provisions of the present civil-service laws which vest functions relating to the administration of the civil service in the President, except as such provisions may be directly in conflict therewith. A proviso is added to this subsection which declares that the President is not authorized to cover offices, positions, or the incumbents thereof into the classified civil service, or remove offices or positions from such service, except as provided in this bill.

Section 4 vests in the Civil Service Administrator certain functions in addition to those transferred to him from the Civil Service Commission. In general, the section authorizes the Administrator to prepare and effect plans for the development of a career service in the Federal Government, to cooperate with and assist the agencies of the Federal Government in the development of personnel standards, practices, and policies, and to study such standards, practices, and policies in other governmental jurisdictions and cooperate with such jurisdictions in the adoption and development of merit systems.

This section also authorizes the Administrator to consult with experts on personnel administration and reimburse such experts for their expenses in connection with such consultation, and to make certain other expenditures.

Section 5 contains general administrative provisions which authorize the Civil Service Administrator to delegate his functions to officers and employees of the Civil Service Administration, to supervise the clerical and other work of the Civil Service Board established by section 201 of the bill upon request of the Board, to furnish such Board with clerical and other services by assignment from the Civil Service Administration, and to adopt an official seal for the Civil Service Administration.

## TITLE II. THE CIVIL SERVICE BOARD

Section 201 establishes in the Civil Service Administration a Civil Service Board composed of seven members.

Section 202 provides that the members of the Civil Service Board shall be appointed by the President with the confirmation of the Senate and authorizes the President to designate a chairman and a vice chairman of the Board.

Section 203 prescribes the terms of office of the members of the Civil Service Board.

Section 204 provides that the members of the Civil Service Board shall be reimbursed for their subsistence and other expenses at the rate of \$50 per day for time spent in attending and traveling to and from meetings of the Board, plus the actual cost of transportation, with a proviso added that no member shall receive more than \$1,500 per annum, exclusive of transportation.

Subsections (b) and (c) of this section prescribe the rules governing the time and conduct of meetings of the Civil Service Board.

Section 205 prescribes the functions of the Civil Service Board. In general, the Board is to "oversee" the administration of the civil-service

laws, act in an advisory capacity in matters affecting personnel administration in the Federal Government and make reports and recommendations to the President and the Congress looking to the improvement of personnel administration.

This section also authorizes the Civil Service Board to propose to the President plans and procedures dealing with Federal employment problems.

This section likewise authorizes the President or the head of any executive department or independent agency, subject to regulations prescribed by the President, to appoint special boards to consider employment problems and such boards are required to report their findings thereon to the appointing officers.

Section 206 authorizes the Chairman of the Civil Service Board to adopt an official seal for such Board.

#### TITLE III. EXTENSION OF CIVIL-SERVICE LAWS

Section 301 grants to the President a continuing authority to cover offices or positions into, or except them from, the classified civil service whenever he finds that good administration will be facilitated thereby. Offices and positions filled by appointment by the President with the confirmation of the Senate are exempted from the President's power under this section.

Section 302 provides that the incumbent of an office or position which is covered into the classified civil service under title III of the bill will acquire a classified civil-service status only upon (1) recommendation by the head of the agency concerned within 1 year after the covering in of the office or position; (2) certification by such head that the incumbent has served with merit for a prescribed period; and (3) passing a noncompetitive examination prescribed by the Civil Service Administrator. All three of these requirements must be met.

Section 303 provides that the provisions of Title III of the bill shall be applicable to existing offices and positions and the incumbents thereof, and shall also be applicable to offices, positions, and incumbents created, authorized, or appointed under this bill or any subsequent act unless the Congress specifically provides otherwise.

#### TITLE IV. EXTENSION OF CLASSIFICATION ACT

Section 401 authorizes the President, subject to the limitations prescribed by subsections (b), (c), and (d) of the section, whenever he deems it necessary to the more efficient operation of the Government, to extend, by Executive order, the provisions of the Classification Act of 1923, as amended, to any office or position in the agencies of the Government not now subject to that act. It is further provided that, when directed to do so by the President, the Civil Service Administrator shall make investigations and recommendations to the President on such matters prior to action by the President.

Subsection (b) of this section provides that whenever the President, upon report and recommendation by the Civil Service Administrator, finds that any offices or positions to which the Classification Act, as amended and extended, is applicable, may not reasonably be allocated to any of the existing classification services prescribed in the Classifica-

tion Act, he may by Executive order prescribe such additional classification services as he deems necessary, and describe and fix the compensation of the grades of such services within the limits of the Classification Act and as nearly as may be in accord with the existing grades which involve comparable offices or positions.

Subsection (c) of this section authorizes the President to prescribe compensation in excess of the rates prescribed in the Classification Act for offices or positions under that act, as amended and extended, by establishing schedules of differentials not exceeding 25 percent of the minimum rate of compensation of the grade applicable to the offices or positions involved, whenever he finds, upon report and recommendation by the Civil Service Administrator, that the compensation schedules of the Classification Act are inadequate for such offices or positions. The authority under this section is expressly confined to offices and positions located at remote stations, or those which involve unusual physical hardship, or hazards, or have similar characteristics. Also the Civil Service Administrator is authorized to take these special characteristics into consideration in allocating a class of offices or positions to a service and grade under the Classification Act, in which event no differential may be set-up.

Subsection (d) excepts from the powers granted to the President by this section certain classes of offices and positions. These exceptions consist largely of offices and positions, the compensation of which is now expressly fixed by laws other than the Classification Act.

Section 402 authorizes the President, after investigation by the Civil Service Administrator, to except certain offices and positions from the provisions of the Classification Act. This authority is limited to offices and positions having certain characteristics designated by the bill which tend to prevent a practicable application to them of the provisions of the Classification Act.

Section 403 provides that offices and positions to which the provisions of the Classification Act are extended under this title of the bill shall be allocated to a service and grade under the classification Act in accordance with section 4 of that act and with a uniform procedure to be prescribed by the Civil Service Administrator. It is further provided that the initial compensation of the incumbents of such offices and positions shall be fixed in accordance with section 6 of the Classification Act, unless the incumbent is receiving compensation in excess of the maximum rate prescribed for the grade of his office or position, in which event no change will be made in his existing compensation as long as he occupies that office or position, but when it becomes vacant the compensation applicable thereto will be adjusted to accord with the Classification Act.

Section 404 declares that nothing in the act shall be deemed to prevent the promotion of an officer or employee.

#### TITLE V. MISCELLANEOUS PROVISIONS

Section 501 authorizes the President, the Civil Service Administrator, and the Civil Service Board to prescribe such rules and regulations as may be necessary to enable them to exercise their respective functions.

Section 502 provides for the transfer of the personnel and property of the Civil Service Commission to the Civil Service Administrator,

and prescribes the conditions under which personnel so transferred may acquire a classified civil-service status.

Section 503 provides for the transfer to the Civil Service Administration of such portions of the unexpended balances of appropriations available for the Civil Service Commission, as the President shall deem necessary. Unexpended balances of such appropriations, not so transferred, are required to be impounded and returned to the Treasury.

Section 504 is a saving provision with respect to existing laws, rules, regulations, and similar matters pertaining to the Civil Service Commission.

Section 505 is a saving provision with respect to proceedings, investigations, and similar matters pending in the Civil Service Commission.

Section 506 is a saving provision with respect to suits or actions pending by or against officers or employees of the Civil Service Commission.

Section 507 authorizes the President and the heads of the executive departments, the Director of the Bureau of the Budget, the Civil Service Administrator, and the Civil Service Board to employ experts and consultants for the purpose of consultation, investigation, and research in connection with the exercise of the functions of their respective offices.

Section 508 contains the definitions of certain terms as used in the bill, namely, "agency", "independent agency", "temporary agency", "managerial agency", "federally owned and controlled corporation", and "functions." These definitions, particularly that of the term "agency", govern the scope of the operation of many important provisions of the bill.

Section 509 authorizes such appropriations as may be necessary to carry out the provisions of the bill.

Section 510 contains a separability clause.

Section 511 provides that the provisions of the act shall become effective 90 days after its enactment.

