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THE PRESIDENT HAS SEEN

THE WHITE HOUSE

WASHINGTON

September 3, 1974

MEMORANDUM FOR:

THE PRESIDENT

FROM:

KEN COLE

SUBJECT:

Enrolled Bill H. R. 15842 - D. C. Police, Firemen and Teachers Pay

Last day for action: September 3, 1974

BACKGROUND

H. R. 15842 would increase salaries by 16% for D. C. policemen, firemen, and by 13% for teachers; establish a salary setting mechanism for these employees after home rule goes into effect; increase annuities for certain retired D. C. teachers; amend substantially the basis and method for setting and administering the property tax on real estate; authorize the D. C. Council to increase local incomes, alcohol, and cigarette taxes to meet the cost of the employee pay increases; and make numerous other changes in related laws.

The salary increase would also apply to the U. S. Park Police and Executive Protective Service, since the pay of these Federal employees is based on that of the District police. The last pay increase for policemen and firemen was for 17%, effective May 1, 1972. The cost of this increase for fiscal year 1975 would be \$18.5 million for D. C. policemen and firemen, \$13.8 million for D. C. teachers, \$2.45 million for the Executive Protective Service, and \$1.6 million for the Park Police. The total cost to the District of Columbia is \$32.3 million.

PROBLEM

How can the President sign H. R. 15842, a 16% pay raise, while asking that a 5.5% Federal pay raise be deferred?

The two proposals are, however, entirely different in impact on the Federal budget.



1. The D. C. pay increase does not increase the Federal contribution to the District of Columbia, but rather is charged against the city's budget.
2. The cost of the Federal pay increase was \$700 million in the Fiscal Year '75 Budget. The impact of the D. C. pay raise on the Federal budget is \$4 million (E. P. S. and Park Police pay increase).
3. The District of Columbia FY 1975 budget included funds for a 10% pay raise for D. C. police, firemen, and teachers. The District of Columbia's increased expense will be for 6% of the raise. This will be paid for by income, liquor and cigarette taxes authorized in the bill.

OPTION 1. Veto

A veto would be consistent with the deferral of the Federal pay raise and the general fight against inflation. It would set an example of frugality for municipal and state payrolls across the country.

OPTION 2. Approve

The bill is essentially local in nature and has little Federal budget impact.

RECOMMENDATIONS

Veto

None

Approval

Ken Cole, William Timmons, Philip Buchen
Mayor Washington - by telegram to the President
Office of Management and Budget, District of Columbia,
Civil Service Commission, Federal Mediation and Conciliation
Service, National Capital Planning Commission - Approval

Department of the Treasury, Department of the Interior, Department
of Housing and Urban Development - No objection

Smithsonian Institution - Defers to D. C. Government

DECISION

Sign

MR. G.

Veto

