

FOR IMMEDIATE RELEASE

AUGUST 31, 1974

Office of the White House Press Secretary

THE WHITE HOUSE

TO THE CONGRESS OF THE UNITED STATES:

At a time when inflation is the main concern of every American, the Federal Government has a special obligation to take those actions which begin to stop inflation.

In this spirit and with the knowledge that the action I am taking will help to hold down the cost of living for all Americans, I now recommend a ninety-day deferral in the pending pay adjustment for Federal employees. At the same time, I am also ordering the Director of the Office of Management and Budget to proceed with a reduction of 40,000 Federal civilian positions from those planned for the current fiscal year.

Therefore, as required by law, I am transmitting to the Congress a plan to defer Federal pay raises for ninety days. This is intended to meet both the needs of those who serve the Government and the common interest of the general public, all of whom must bear the burden of increased inflation.

Under this plan, a pay increase for all Federal employees based upon an appropriate comparability adjustment would become effective on the first pay period beginning on or after January 1, 1975. The level of the comparability adjustment will be determined during the next few weeks.

I regret asking for this postponement of a Federal pay increase, but I am convinced of its necessity. Federal employees who I am asking to make a sacrifice are the foundation of sound, effective and efficient Government. I am more conscious than ever of their contributions to our country.

Nevertheless, at this critical time in the economic health of our Nation, I must call on all Americans without exception to make sacrifices in order to hold down wages and prices. Federal employees, as one of the largest groups of workers in the country, have a special role to play in the fight against inflation because we in Government set the example. As we seek a noninflationary budget, it is especially important this year that Federal spending be held to a minimum.

I urge the Congress to support this action, because it is in the best interest of all Americans.

The plan to defer Federal pay raises by ninety days is attached. As required by law, the plan represents an alternative to the October effective date which would otherwise occur.

In addition, the Office of Management and Budget has now determined the specific reductions in civilian positions from those budgeted for the current fiscal year. The agencies will shortly be informed of these reductions by letters from OMB. Wherever possible, these reductions will be accomplished through normal attrition.

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It is extremely important that the Federal establishment hold employment to the absolute minimum needed to get the job done. Effective use of human talents is a wise use of the tax dollar.

The pay raise deferral and the reduction in civilian positions together will reduce the 1975 budget by about \$1 billion. Thus, the Federal Government is taking an essential first step in holding down the Federal budget and showing the way for restraint by all Americans.

GERALD R. FORD

THE WHITE HOUSE,
August 31, 1974

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FEDERAL PAY COMPARABILITY ALTERNATIVE PLAN

In consideration of the economic conditions affecting the general welfare, I hereby transmit to the Congress the following alternative plan, as authorized and required by section 5305(c)(1) of title 5, United States Code:

Such adjustments in the rates of pay of each Federal statutory pay system as may be determined under the procedures set forth in section 3(a) of the Federal Pay Comparability Act of 1970 (5 U.S.C. 5305), shall become effective on the first day of the first applicable pay period that begins on or after January 1, 1975.

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