

The original documents are located in Box 9, folder “Federal Employees - Pay Raises” of the Loen and Leppert Files at the Gerald R. Ford Presidential Library.

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FACT SHEETDEFERRAL OF FEDERAL PAY RAISE

On August 31, the President sent to the Congress an alternative plan deferring the Federal comparability pay raise from October 1974 to January 1975. He acted under Section 5305(c)(1) of Title 5 USC after concluding, as the statute provides, that such action was necessary "because of ... economic conditions affecting the general welfare".

The alternative plan will become effective unless, before the end of the first period of 30 calendar days of continuous session of Congress after August 31, either House adopts a resolution disapproving the alternative plan. Should the alternative plan be disapproved, a comparability pay raise will become effective the first applicable pay period beginning on or after October 1.

In either case, the exact size of the pay raise will be decided by the President after reviewing the recommendations of his agent, the Federal Employees Pay Council (FEPC) and the Advisory Committee on Federal Pay, which is an independent group of non-government experts. The President has received recommendations from his agent and the FEPC. Recommendations from the Advisory Committee are expected in late September.

The pay raise deferral and the reduction in Federal civilian positions, also announced in the Message to the Congress, will reduce the 1975 budget by about \$1 billion. Approximately \$700 million of the savings is because of the pay raise deferral.

The Federal Employees Pay Council and other groups representing Federal employees will undoubtedly argue that the 5.5 percent pay increase recommended by the President's pay agent is less than is warranted in an inflationary period, and that deferral is unfair.

Granted that the recommended percentage adjustment appears moderate, the President's action to delay an increase will have a significant impact on our staying within a \$300 billion national budget. While it is regrettable that the Federal employee must be called upon to make this sacrifice, and the President is not unmindful that it is a sacrifice, there is no question as to its need if inflation is to be held down. The pay raise deferral and the reduction in Federal civilian positions are two measures that can effectively contribute to a non-inflationary budget.



FACT SHEET

EFFECT OF THE PAY DEFERRAL ON INFLATION

The economy is suffering from an almost unprecedented rate of inflation. Unless something is done about it immediately, the outlook for the remainder of this year and much of next year is for very little improvement. It is easy to trace the sources of our inflationary problem; it is much more difficult to find a method of reducing inflation to acceptable levels.

The current economic policies of the Federal Government are aimed at reducing the rate of inflation without causing a serious disruption to the productive processes of the economy. The President believes that the Administration must take the lead in this effort by showing fiscal restraint to convince labor and management they should make sacrifices.

The budget is presently above \$305 billion and almost every day pressures are generated for new measures which would tend to increase spending. The President wants to reverse this thrust and reduce the FY 75 budget to under \$300 billion to continue to push downward on prices. To meet this goal, it will be necessary to take many steps. The pay raise deferral and the reduction in Federal civilian positions announced in the President's message to the Congress on August 31 is one step. Other actions and proposals will follow.

Federal employees have received annual pay increases since 1970 which amount in the aggregate to 30.4%. The cost of these increases is reflected in the \$45 billion spent each year by the Federal Government in wages and salaries. This figure does not include the cost of Postal employees' salaries. In addition, the Federal Government pays about \$9 billion for fringe benefits. Payroll costs comprise more than 18% of the FY 75 budget. The pay deferral and employment decrease will reduce the budget by about \$1 billion. Approximately \$700 million of the savings is because of the pay deferral. This savings will have a significant impact on our staying within a \$300 billion budget.

The same question will be asked about each and every step taken to cut Federal spending. Why here? The answer to that question is really the basis of our anti-inflationary policy. Everybody, including Federal employees, must give a little or the goal of reducing the rate of inflation will not be met. We cannot forego any opportunity to make cuts. This has two



objectives. First, we simply will not meet the goal without making cuts in every possible place. Second, and perhaps even more importantly, the fight against inflation can only succeed if every person in society makes some sacrifice and becomes aware of the efforts being made to fight inflation. It is not possible for everybody to "make up" for the losses in real income they may have suffered because of poor harvests and restricted oil supplies. But there is now an inflationary psychology in which every one is trying to recoup his losses.

Deferring the increase in Federal pay will be one step toward the President's goal of reducing spending below \$300 billion. It will also be one further policy action to convince everybody not to try to recoup the losses of last year which are irrecoverable. Thereby, we may help eliminate the inflationary psychology which grips the economy.

Note

As the above indicates, the action taken by the President to defer the Federal pay increase was based on economic considerations. For this reason, and to avoid damaging Federal labor-management relationships, we urge that speakers avoid attacking Federal employees as a justification for the deferral. Similarly, the emotion-arousing question of whether Federal employees need or merit a pay raise to achieve comparability with their counterparts in private industry can be by-passed.



Inflation, Government Pay, and Changes in the CPI

Federal Pay System

Federal pay levels lagged behind those found in private enterprise until July 1969 when a Federal pay schedule based on comparable rates was put into effect. Since that time Federal rates have remained comparable under the procedures of the Federal Pay Comparability Act of 1970.

The following table lists the Federal comparability increases given since July 1969 and CPI increases for comparable years:

<u>Date</u>	<u>Increase</u>	<u>CPI Change</u>
Jan. 1970	6.00%	2.8%
Jan. 1971	5.96	5.2
Jan. 1972	5.5	3.1
Oct. 1972	5.14	2.8
Oct. 1973	4.77	7.9
Compound	30.5%	24.0%
Indices - Compounded		

Salaries of Federal workers have increased by 30.5 percent since July 1969. An comparability in Federal pay levels was reached with private enterprise. During that same period of time, the Consumer Price Index (CPI) has increased by 24.0 percent. Between the date of the last pay increase and July 1974, the CPI has gone up by 8.6 percent. The President's Agent has recommended a 1.5 percent increase in pay levels to maintain comparability.

Executive, Legislative, and Judicial Pay System

Top officials in the executive, legislative, and judicial branches of Government received an average pay increase of 42% in March 1973 under a special adjustment procedure enacted by Congress. They have not received an increase since that time although the CPI has risen 37.5%.

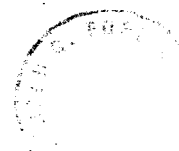


Mr. President, lately we have heard a greatdeal of celebration over the newly restored perogatives of Congress. We are basking in the sunshine of new self-respect and public esteem as a result of the careful and proper handling of the watergate investigation and impeachment inquiry. The ebb and flow of power between the branches is now flowing, we are told, toward the Legislative, and the prospects are for a restoration of equality between the Branches.

While there are healthy indications this reniassance is indeed occurring and while we have a President who will make a genuine effort to help, Congress will never achieve the role it should play if we refuse to realistically tackle some of the unpleasant problems that face us right now.

Obviously inflation is public enemy number one. It is eating out the confidence of our people in their institutions and incidentally, in their elected representatives. As it has accelerated over the last few years Americans have seen the fruit of their thrift first diminished and now beginning to be wiped out. Double diget inflation is making it impossible for most lower and middle class Americans to keep pace, let alone improve their standard of living.

The automatic response in the past has been to look to the Executive for some flashy new program to handle our problems. In the "bad old days" Congress earned its reputation as the least of the branches by its




tendency to "solve" these problems with a flurry of bills which all began "The President may...."

Today we are standing a little more erect for the moment but we are confronted with a serious test of our will and integrity. The President tells us he must take every opportunity he can find to combat inflation and he is asking for our concurrence in a painful and unpopular pay postponement. It is clear that this is only the first of a series of unpleasant decisions that will have to be made if we are to seriously stanch the hemorrhage of inflation.

It's a tough call. On the one hand, the Federal workers deserve their raise. They are well organized, and this is an election year. On the other hand if we fail to take a stand now it will be impossible to draw the line later when other equally deserving, well organized special interests come forward for "their" slice of the pie.

It seems to me that if we turn the President down on this request we have an obligation to come forward with our own legislative program to replace his initiative. If we defeat this deferral and offer no plan in its stead it seems to me we will be telling the American people that we are going to let the burden of fighting inflation fall solely on the lower income, non union, non vocal parts of society who aren't able to buttonhole us outside this chamber. Do we only represent well



organized special interests? Aren't we all in this together?

Mr. President lately we have heard many members of this body proclaim their willingness to return right after the election for a special session on the economy. I think this is an admirable sacrifice. But when I hear that the only purpose of that exercise will be to sit here and wait for the Executive Branch to send us legislation conferring more power on the Executive Branch I wonder why we should bother assembling at all. If all we intend to do is defer to the President's judgment on how to combat inflation how can we in good conscience reject the recommendation he has sent us today?

I firmly believe that the proper place to resolve the legitimate conflicts between various segments of society is Congress. The people have elected us to face up to these things. But they are not going to let us play spoilers - refusing to cooperate with the President but still unwilling to resolve the issue ourselves. We can't have it both ways any longer.

On the other hand we can cooperate with the President and join his ideas with our own in a mutual effort to stop this terrible debilitating inflation. If we work together we can fashion a program that will spread the cost we are going to have to pay much more fairly than either the President or Congress can do alone. Eventually I hope we will be able to see that there is really no other way out.

Mr. President; the Senate today is facing the first of a series of unpleasant decisions we will meet as we begin to get serious about combatting inflation in this Country. The actions we have taken so far have not been especially painful. No one really objects when we decry inflation in general terms or when we establish an innocuous commission to monitor wages and prices,

Its when we begin to get specific and deal with proposals that may have some direct impact on peoples spending ability that the going gets rough. But there won't be any more easy choices. We cannot go on being our own Santa Claus forever. Today we are going to have to choose between facing up to our responsibilities and beginning to pay the price it will take to beat inflation or temporizing a little longer while paying the same price and much more through continued erosion of our real income.

None of the steps we are going to have to take will be painless and deferring this well earned Federal pay raise for three months certainly is not. Federal employees work hard and the public is well served by their efforts. Their pay is short of full comparability at present and they deserve to have it brought into line with private industry.

But Federal employees and their families are also consumers and their real income, along with everyone elses is eroding faster than any comparabiility increases can ever compensate for. We are beginning to realize the breadth of the fear and concern in this country over what inflation

is doing to our ability to live decently. Polls taken outside Washington have been telling us for months that the number one issue is not the abuse of Presidential Power but inflation.

Great as this unease is at present I think its going to get a lot worse as people begin to realize the true impact of double-digit inflation on their lives. If more of the public really understood that their savings accounts were not earning them money in real terms but only slowing their rate of impoverishment we would be hearing a roar from home for actions that will make tough cutbacks like this one look puny.

I think that ~~the~~ day is coming one way or another, but we can prepare for it if we begin acting forthrightly today. The President is asking us not to derail his first concrete proposal to combat inflation. He is asking Federal employees to accept 5.5% less pay for just three months as an investment toward more stable purchasing power for all Americans.

He is asking us in Congress to go along with him as a signal to the rest of the economy that we are finally ready to put our house in order even at the expense of our own salary increases. It is this signal, more than anything else that is urgently needed today.

Mr. President this deferral is not a high price to pay when we consider the kinds of actions we are going to have to take in the future if we don't bring our surging inflation under control. Deferrals of raises



for Federal employees are nothing compared to the massive reductions in force and wholesale termination of programs that we may have to consider later if we cannot find the courage to act today.

I am here today to speak in support of the President's pay deferral plan. The Federal Government pays its employees, excluding the Postal Service, about \$45 billion each year in direct wages and salaries. In addition, it pays some \$9 billion for fringe benefits. These are massive amounts. They reflect not only a sizeable workforce but, more importantly, the annual pay increases which Federal employees have been receiving.

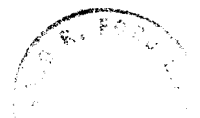
What the President has proposed--a 90-day deferral of yet another increase--will save the taxpayer about \$700 million. This savings will have a significant impact in achieving the goal of a \$300 billion budget in 1975. This goal of budget restraint is one of several policies which have been identified as a means to control inflation.

It could be argued that the savings are small compared with expenditures in the billions. If this step is viewed by itself, this is true. However, this action is one of many steps which we will have to decide upon if we are serious in our commitment to work with the President in holding down Federal spending.

It could be argued that the deferral is unfair to Federal employees. Considered by itself, this appears to be true. However, Federal pay should be viewed in the context of a broader time frame. By means of pay legislation debated and passed in this body since 1962, the serious lag in Federal pay behind salary levels in private industry has been closed. This

catch up in comparability is well-deserved and is sound policy. Over the past decade Federal employees have received annual increases of 4,5, and 6 percent which were comparable to salary increases found in private industry. Until last year these increases were well ahead of the rise in cost of living. This year Federal employees will lose ground. Unfortunately, so will many in all sectors of the economy.

The President does support the comparability principle. He has stated he will carefully consider the views of his government and independent pay experts in arriving at an appropriate comparability adjustment. His decision to ask for a deferral does not compromise that position. Can anyone here today deny that we are faced with adverse economic conditions this year which seriously affect the general welfare? This is the context in which he has made his decision to seek deferral. This is the context within which he asks for our support. I believe that we should give this support by not overturning the alternative plan.



Mr. President, I am well aware of the unpopular position I am about to take today. But it is something that needs to be done and I believe that there is good reason to try to understand the President's position. If we are interested in holding the budget to \$300 billion and in beginning to hold the line on inflation, I think we should pause before we vote and consider where we are headed.

Everyone in the country needs more money. Certainly Federal employees, with their devotion to their jobs, need the money. Certainly the military people do also. Everyone needs every cent that they can get and it still is not enough. There are millions of people in this country on fixed incomes or some kind of private pension plans, who cannot get the relief that we are talking about for Federal employees today.

The administration is seeking ~~to have~~ a non-inflationary budget for fiscal year 1975 and a balanced budget for fiscal year 1976. We find it very difficult in this country to go to the people for additional taxes to achieve the goal of a balanced budget and yet provide for all the services that are required from the Federal Government.

The President is seeking advice from every knowledgeable source on how to end inflation. No magic solutions have been offered, but it is generally agreed that the problem of inflation is, to a significant extent, psychological. Recent years of seemingly ever increasing inflation have deeply changed Americans' expectations about the economy. Nearly



everyone expects higher prices and to the extent possible, they take actions to beat the increasing cost. These actions at times lead to higher demand and yet higher prices.

It has been proposed to the President that Congress remain in session as long as it takes to consider actions which begin to stop inflation. We do not need a special session of the Congress to consider the action before us today.

We ask ourselves, why does the President request a brief 3-month delay in pay increases? Why, when at the same time he does not propose wage and price controls? We say, "He can't do this to Federal employees. Why should they bear the brunt of inflation?"

The fact remains that to begin to end inflation and to break the psychology of inflation, we have got to start somewhere. No one wants to be the first casualty in our fight against inflation, but I ask you is it really too much to ask of Federal employees to set the example for the rest of the country? Is it really too much too ask the Congress to be fiscally responsible? Are we to reject a moderate request to save the taxpayers of this Nation \$700 million or will we say the money must come from some other program or from the public debt? I do not think that I need to remind this body that the executive branch cannot spend one cent that we do not approve sooner or later.

I am saying now that the President, in his effort to hold the line on inflation will have to ask for sacrifices from many



groups of people, if he is denied this first step, then where do we draw the line?

With respect to the measure before us today, I say we should support the President. It is going to pinch; it is going to hurt people who deserve the raise. But let us try to help the President in his fight against inflation.

I believe that, if nothing else, it could turn the corner in this country by being the psychological thing that demonstrates to the country that we are fiscally responsible and that we are going to beat inflation.



Today we face a massive challenge. A challenge confronting not only Americans but those throughout the world. I am speaking of the challenge to control inflation. While very few profit from inflation, almost all are its victims. Unfortunately, while unanimous agreement can be easily obtained that something must be done, we are all well aware that the ranks of inflation fighters tend to thin when measures for the total good begin to adversely affect the fighters themselves. There is no doubt, however, that if we are to halt the spiral we must begin at some point. Some personal sacrifices will also be necessary.

The Federal Government, which will spend in the neighborhood of \$300 billion in the next fiscal year, has both a duty and an obligation to the American people to not only prudently spend each and every one of these dollars, but also to use or not use this enormous spending power in such a way as to help slow down inflation. It was with this in mind that the President exercised his legal option to defer the pay raise because of economic conditions affecting the general welfare. Certainly, the President did not wish to delay an increase because it was undeserved nor did he feel that the action per se will halt inflation. It was done, my colleagues, to begin the process of restoring the health of our economy by setting an example of restraint for the rest of our society.



It is the President's wish that this example of restraint be followed not solely with respect to wages. A cascading effect is anticipated in other segments of the economy. Thus, adoption of similar restraints by management and labor could result in more stable prices, wages, profits, and interest rates.

In addition to his calling upon business and labor to exercise restraint, the President requests that individual citizens also cooperate. They are asked to endure some self-sacrifices and to diminish their expectations for the attainment of unrealistic economic goals.

While the pay raise deferral may represent only a "fire fight" in the war on inflation, it is through continued success in skirmishes that wars are won. I, therefore, fully support the President's decision and strongly urge that you not vote to override it. By backing the President's policy of restraint in this perilous economic period, you will testify your willingness to help him solve the most critical problem confronting our nation today.



Mr. President, I am speaking in support of President Ford's alternative plan to defer the comparability pay raise for Federal employees from October 1974 to January 1975. In this time of spiraling inflation which is threatening the very fiber of our society, definitive action is called for.

President Ford has pledged himself to such action and it is our responsibility as Members of Congress to give him the support he needs. This is not a time for partisan politics. All Americans, Democrats and Republicans alike, suffer when the buying power of the dollar is reduced. We must take action, and take it now before the situation becomes too grave. Many solutions are proposed, and many will be needed to solve the problem. They will cover the broad spectrum of monetary and fiscal remedies. One crucial aspect of this fight against inflation is a non-inflationary budget. Reducing the budget will require both the executive branch and the Congress to reduce expenditures as much as possible as quickly as possible.

In proposing a deferral of the Federal pay raise, Mr. Ford has estimated that \$700 million will be saved from the Federal Budget. Coupled with a reduction of 40,000 Federal civilian positions, primarily by attrition from the ceilings planned for the current fiscal year, the total dollar savings will reduce the 1975 budget by about \$1 billion. This \$1 billion sum will have a significant impact upon our staying within a

\$300 billion non-inflationary national budget.

It is important for us to keep in mind how difficult it is to reduce outlays during the fiscal year that we are in. In reality we have relatively few options available to us, because over 70 percent of the budget is committed in such a way that it cannot be retrieved. Such expenditures as interest on the national debt, housing subsidies and insurance, entitlement programs, and prior-year obligations add up to a significant part of the fiscal year 1975 budget. We have no choice but to honor these obligations.

The options among the discretionary spending items are not very attractive, because our personnel costs are a major part of these expenditures. In order to affect these costs the President has charted a prudent course by reducing the overall payroll through attrition and proposing to defer a pay increase for 90 days. His personnel-related actions and proposals will reduce expenditures during this fiscal year. We need to show our constituents through our votes that these actions--though regrettable--are a necessary part of a larger strategy to bring inflation under control.

STATEMENT ON FEDERAL PAY RAISE DEFERRAL

As a first step in bringing inflation under control, President Ford proposed to the Congress that the scheduled October 1974 comparability increase in the pay of Federal employees be deferred until January 1975. This proposal for a ninety-day deferral is consistent with the provisions of the Pay Comparability Act of 1970. Under this Act, the President is authorized to submit an alternative plan to the Congress before September 1 if, because of national emergency or economic conditions affecting the general welfare, he should consider it inappropriate to make the required pay adjustment on October 1.

While the President regretted asking for this postponement, there can be no doubt of its necessity. It is a fundamental and important step toward holding Federal spending to a minimum. Approval of this plan by the Congress will reduce the 1975 budget total by \$700 million. The deferral will mean that Federal employees will have to make sacrifices, but all Americans will have to sacrifice to hold down wages and prices. In that sense, it is appropriate that Federal employees, as one of the largest groups of workers in this country, set the tone and lead the way in the fight against inflation.

September 10, 1974



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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AUGUST 31, 1974

Office of the White House Press Secretary

THE WHITE HOUSE

FACT SHEET

FEDERAL PAY RAISE PROPOSAL AND
FEDERAL CIVILIAN EMPLOYMENT REDUCTIONS

The President today is sending to Congress a message on Federal pay raises and employment. This message contains a proposal to defer a scheduled "comparability" increase in the pay of Federal employees from October 1974 to January 1975 and also informs the Congress of actions to reduce Federal civilian positions by 40,000.

I. PAY DEFERRAL

The Federal Pay Comparability Act of 1970 provides that Federal pay rates shall "be comparable with private enterprise pay rates for the same levels of work." It also provides for an annual process by which this comparability shall be determined and maintained.

Under the process of the President's Agent, the Chairman of the Civil Service Commission and the Director of the Office of Management and Budget, consult with the Federal Employees Pay Council (FEPC) in arriving at a recommendation for the President concerning the comparability pay adjustment for Federal white collar employees and military personnel. The recommendation is based on an annual survey of salary rates in the private sector conducted by the Bureau of Labor Statistics. Upon receipt of the survey in August, and after consultation with the FEPC, the agent prepares a report containing its recommendations to the President, FEPC views and comments on those recommendations, along with the views and comments of other employee organizations not represented on the FEPC. The agent's final report is transmitted to the President and his Advisory Committee on Federal Pay, an independent group of non-government experts, generally during the last week in August.

The agent has reported to the President that a pay increase averaging 3.5 percent is needed to maintain comparability.

The Advisory Committee then reviews the agent's report and holds hearings to consider further views and recommendations with respect to the analysis and pay proposals contained in that report. Their findings and recommendations are forwarded to the President in late September. The recommendations of the President's agent, the FEPC, and Advisory Committee are considered by him in reaching a final decision on the amount of the required pay adjustment.

However, the Pay Comparability Act also provides that the President must submit an alternative plan to the Congress before September 1, 1975, because of national emergency or economic conditions affecting the general welfare, he should consider it inappropriate to make the required pay adjustment.

CONCLUSION

After careful consideration of possible alternatives, the President has concluded that because of economic conditions affecting the general welfare it is necessary to propose to the Congress a deferral of the comparability pay raise from October 1974 to January 1975.

II. REDUCTIONS IN FEDERAL CIVILIAN EMPLOYMENT POSITIONS

On July 25, at a conference on the economy held in Los Angeles, former President Nixon announced, among other things, "... I have also ordered a reduction of 40,000 in the number of Federal employees provided for in the budget for the current year. This alone will save \$300 million."

Since then, President Ford has reviewed this policy and, in view of the need for the Government to take steps to combat inflation, has reaffirmed the decision to reduce Federal employment levels. The Director of the Office of Management and Budget will shortly inform affected departments and agency heads, by letter, of the specific changes to be made in their fiscal year 1975 employment ceilings. These letters are now being prepared and will be dispatched shortly to affected departments and agencies.

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CONCLUSION

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Office of the White House Press Secretary

THE WHITE HOUSETHE 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 taking will help to hold down the cost of living for Americans, I now recommend a ninety-day deferral in the 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.

more



2

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

more



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.

#

THE WHITE HOUSE
WASHINGTON

September 14, 1974

MEMORANDUM FOR:

PAUL THEIS *PT*

FROM:

DAVE GERGEN *dg*

SUBJECT:

Federal Pay Letters

Here are the two letters you requested -- one for the Senate and one for the House. As I mentioned, Gene Ainsworth would like to have them by Monday.

Attachments

FACT SHEET

Comparison of Federal Pay Increases and Changes in the CPI

Federal White-Collar Pay System

Federal pay levels lagged behind those found in private enterprise until July 1969, when a Federal pay schedule based on comparable rates was put into effect. Since that time, Federal rates have remained comparable under the procedures of the Federal Pay Comparability Act of 1970.

The following table lists the Federal comparability increases given since July 1969 and CPI increases for comparable years:

<u>Date</u>	<u>Increase</u>	<u>CPI Change</u>
Jan. 1970	6.00%	2.8%
Jan. 1971	5.96	5.2
Jan. 1972	5.5	3.4
Oct. 1972	5.14	2.8
Oct. 1973	4.77	7.9
Cumulative Increase (com- pounded)	30.5%	24.0%

Salaries for Federal workers have increased by 30.5 percent since July 1969, when comparability in Federal pay levels was reached with private enterprise. During that same period of time, the Consumer Price Index (CPI) has increased by 24.0 percent. Between the date of the last pay increase and July 1974, the CPI has gone up by 8.6 percent. The President's Agent has recommended a 5.5 percent increase in pay levels to maintain comparability.

Executive, Legislative, and Judicial Pay System

Top officials in the executive, legislative, and judicial branches of Government have not received an increase since March 1969, although the CPI has risen 37.3 percent since that time.

Letter #2

Dear Colleague:

Each passing day brings fresh demands from the American people for the government to "do something" about inflation.

Not all of us agree on all that should be done, but it is unmistakably clear that what we can and must do first is to hold down government spending. Our constituents will never be able to put their family budgets in order until we put the Federal budget in order. That is why it is vitally important for the Congress to join the President now in supporting a brief delay in pay increases for Federal workers.

In his message requesting that delay, President Ford noted that a 90-day postponement, coupled with a planned cut of 40,000 personnel, will save no less than \$1 billion in the 1975 budget. His analysts have also determined that since July, 1969 -- a time when white collar Federal employees gained comparability with their colleagues in the private sector -- Federal pay has actually gone up at a faster rate than the rate of inflation.

It is easy to understand why Federal employees want to stay a step or two ahead of the rate of inflation, but this is a time when all Americans are being asked to make a sacrifice. Deserving as

- 2 -

they are, Federal workers must not be an exception. As the President said in his message, "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."

It is time for all of us in the Congress to set an example, too. This is the first big test of our resolve since President Ford was sworn into office. I urge you to join with me in supporting our new leader and in supporting the fight against "Public Enemy Number One."

Sincerely,

Letter #1

Dear Colleague:

Nothing could be clearer today than the need for strong leadership in fighting inflation.

Events of the last few months have given the American people fresh hope that real leadership will now be coming from Washington. They are counting heavily upon the Congress, and they are counting heavily upon our new President. We can't afford to let them down.

The first major test of our new leadership will come before us shortly when we vote on President Ford's request for a 90-day delay in Federal pay increases. The new President showed great courage in asking for that delay. Now it is our turn to see if we also have what it takes.

Some people have opposed this delay, arguing that Federal employees should be able to keep pace with the rising cost of living. What they fail to point out is that ever since 1969, when white collar workers in the Federal government achieved comparability with private workers, their salaries have actually increased faster than the cost of living. Federal workers today are not only well paid, but they are also well represented, and we should not fall easily to the arguments of their lobbyists.

- 2 -

It is time for Federal workers to set an example for the entire country. We can hardly ask the public to tighten their belts until the ~~bureaucrats~~ *people in government* pull in a few notches themselves. And the results will not be insignificant. President Ford has estimated that \$1 billion can be saved in the 1975 budget by postponing the pay increase and cutting the Federal work force by 40,000, as he now plans to do.

We have a new President, and he needs our help. I urge you to join with me in voting to sustain his first major request in the fight against inflation.

Sincerely,

*Post Office &
Civil Service Com.
[1975?]*

A BILL

To limit Federal pay increases to five percent for a specified period of time, and for other purposes.

Be it enacted by the Senate and House of Representatives
of the United States of America in Congress assembled, That

(a) For the purpose of this Act--

(1) "agency" means--

(A) an Executive agency, as defined by section 105 of title 5, United States Code;

(B) a military department, as defined by section 102 of title 5, United States Code;

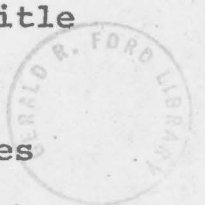
(C) the United States Postal Service and the Postal Rate Commission; and

(D) those agencies in the legislative and judicial branches which are subject to chapter 51 and subchapter III of chapter 53 of title 5, United States Code;

(2) "employee" means an individual employed in or under an agency or a member of a uniformed service, but does not include--

(A) an individual employed in the legislative or judicial branches whose position is not subject to chapter 51 and subchapter III of chapter 53 of title 5, United States Code; or

(B) an officer or member of the United States Park Police or the Executive Protective Service whose pay is fixed under the District of Columbia Police



and Firemen's Salary Act of 1958, as amended (D.C. Code, secs. 4-823--4-837), or under the procedures established by sections 111 and 112 of Public Law 93-407 (D.C. Code, sec. 4-838); or

(C) an alien employee of the United States in a foreign area as defined in section 5921 of title 5, United States Code;

(3) "pay rate" means--

(A) a rate of pay appearing on a pay schedule; or

(B) an individual pay rate;

(4) "pay schedule" means--

(A) a schedule of rates of pay for any of the statutory pay systems as defined by section 5301(c) of title 5, United States Code, except as applied to employees of the government of the District of Columbia;

(B) a schedule of rates of pay for prevailing rate employees under subchapter IV of chapter 53 of title 5, United States Code;

(C) a schedule of rates of the various elements of military compensation subject to adjustment under section 1009 of title 37, United States Code;

(D) a schedule of rates of pay established by the United States Postal Service under title 39, United States Code; and

(E) any schedule of rates of pay which is established by an agency for the purpose of determining



the pay of an employee; and

(5) "individual pay rate" means a single rate of pay which is established for the purpose of determining the pay of an individual employee or group of employees not paid under a pay schedule.


(b) The Civil Service Commission shall determine the applicability of any of these definitions to specific agencies, employees, pay rates, pay schedules, and individual pay rates, and such determination shall be final.

Sec. 2. Notwithstanding the provisions of any other law, no pay rate shall be increased by an aggregate amount of more than five percent during the period from January 1, 1975, through June 30, 1976: Provided, That this Act shall not require the reduction of any pay rate that may have been put into effect between January 1, 1975, and the date of enactment of this Act.

Sec. 3. Any pay rate which has been limited by section 2 of this Act to an amount or amounts less than otherwise would have been in effect shall not be increased subsequent to June 30, 1976--

(1) in order to compensate an employee for the difference between the amounts he has received under the provisions of section 2 of this Act and the amounts he would otherwise have received; or

(2) except in accordance with the normal procedures and timing which would have been in effect for any such pay increase subsequent to June 30, 1976, without regard to any limitation under section 2 of this Act.



EXPLANATION - FEDERAL PAY

The draft bill would limit increases in Federal pay rates to 5% in the period from January 1, 1975, through June 30, 1976. This limitation would apply to pay rates of executive branch employees in established pay systems, such as the General Schedule, the Federal Wage System, and the United States Postal Service pay system, and to employees with individually determined pay rates. It would also apply to members of the uniformed services and to those employees in the legislative and judicial branches who are paid under the General Schedule.

Employees of the government of the District of Columbia would not be covered by the 5% limitation. Those District government employees who are paid under the General Schedule would receive the pay rates that would ordinarily be in effect for Federal employees under the General Schedule were it not for the limitation. It is necessary to exclude officers and members of the United States Park Police and the Executive Protective Service since they are paid under the same pay schedule as officers and members of the District of Columbia Metropolitan Police force and Fire Department.

While the limit would cover the entire period from January 1, 1975, through June 30, 1976, it would not require the reduction of any pay rate that has actually been put into effect before the date of enactment of the draft bill. If, at the time of enactment, a pay rate has been increased by 5% or more since January 1, 1975, that pay rate would remain in effect, but could not be increased further until after June 30, 1976. In addition, the limit would not apply to pay rates established on the basis of a negotiated contract in force at the time of enactment.

No retroactive adjustments will be made to reflect the difference between the amounts of pay increases limited under the bill and the amounts which would otherwise have been received. Further, pay rates would be increased subsequent to June 30, 1976, only as required by the procedures and timing which would normally be in effect after that date had the pay limitation not occurred.

THE WHITE HOUSE

WASHINGTON

February 25, 1975

Dear Ed:

Here is the full list of projected savings by the President's proposed five percent cap on federal pay raises and other programs.

We appreciate very much your introducing the two bills which will be referred to your committee. The letter of transmittal to the Speaker has not yet gone forward.

With kind personal regards, I am

Sincerely yours,



Vernon C. Loen
Deputy Assistant
to the President

Honorable Ed Derwinski
House of Representatives
Washington, D.C. 20515

TEMPORARY CEILING OF 5% ON FEDERAL PAY INCREASES
AND BENEFIT PROGRAMS TIED BY LAW
TO CONSUMER PRICE INDEX

Estimated Fiscal Year 1976 Savings

(Billions of dollars)

Federal civilian and military pay raises	1.6
Federal civilian and military retirement benefits <u>1/</u>	1.4
Social Security old age, survivor, and disability benefits	2.5
Supplemental Security Income payments	0.1
Railroad retirement benefits <u>2/</u>	0.1
Food stamp program	0.2
Child and elderly nutrition programs	0.1
Federal Employees Compensation Act benefits	*
Coal miner benefits <u>2/</u>	<u>*</u>
Total	6.1

1/ Includes Foreign Service and Central Intelligence Agency retirement systems.

2/ Separate legislation is not required to place 5% ceiling on these programs.

* Less than \$50 million.

MARCH 19, 1975

Office of the White House Press Secretary

THE WHITE HOUSE

THE WHITE HOUSE MADE PUBLIC TODAY THE
FOLLOWING LETTER FROM THE PRESIDENT TO
THE SPEAKER OF THE HOUSE OF REPRESENTATIVES
AND THE PRESIDENT OF THE SENATE

Dear Mr. Speaker: (Dear Mr. President:)

I am transmitting herewith a set of legislative proposals which would place a temporary 5 percent ceiling on pay increases for Federal employees and in benefit payments to individuals that are connected by law to consumer prices.

These proposals are an integral part of the economic, fiscal, and energy program that I outlined to the Congress in my State of the Union Address on January 15, 1975. As we move forward with tax reductions to revitalize the economy, with energy conservation and self-reliance measures, and with substantially expanded aid to the unemployed, it is essential that we restrain the overall growth of Federal expenditures. In the interest of the long-run as well as near-term health of the economy, we simply must curb the rate of increase in the budget that has occurred in recent years.

My 1976 budget recommendations include no new spending initiatives, except for energy. In addition, they reflect proposals that would reduce outlays by \$17 billion, including \$6.1 billion in savings that would result from enactment of the enclosed draft bills. A table is attached providing a breakdown of this figure and the programs involved. Without the economy measures I am recommending, increases in Federal spending would be sharper in the short run and would continue unchecked in future years. The budget deficit for the coming fiscal year would also be greatly increased.

In proposing a 5 percent ceiling on Federal pay raises this year, I am asking that the Federal Government set an example for the Nation. Federal workers generally enjoy greater job security than other workers. I believe that most Federal employees will understand that some restraint on their pay raises is appropriate in light of the need to provide benefits and create more jobs for the unemployed.

I urge the private sector -- labor and management alike -- to follow this example and minimize wage and price increases.

more



The proposals place a similar temporary limit of 5 percent on the automatic increases in benefit programs linked to consumer prices. These proposals bear in mind the large increases that have occurred in these programs in recent years -- increases which have exceeded the rate of inflation. Total benefit payments under the programs involved -- primarily Federal civilian and military retirement, social security, railroad retirement, supplemental security income, and the food stamp and child nutrition programs -- have risen more than the cost of living. For example, average per capita payments for persons receiving social security benefits have increased by 22 percent in real terms since 1970 -- that is, after adjusting for increases in consumer prices.

The enclosed proposals would not eliminate or reduce any benefit payments from their present levels, but would merely slow down, through June 30, 1976, the rate at which these payments would be rising. Their enactment would help us begin to gain some control over the longer run growth in the Federal budget. This is because, in general, the lowered levels of benefit increases that would be in effect through fiscal year 1976 would not be made up subsequently.

I recognize that I am asking the Congress to make some difficult decisions in acting on these proposals. But that is what I must do. During this time when thousands of workers are being laid off and we are still experiencing considerable inflationary pressure, I believe the modest restraint that I am proposing on pay raises and increases in benefit programs makes sense for the future and is urgently needed in the present.

At the request of the District of Columbia Government, District Government employees are included in the attached draft legislation, where applicable.

I hope the Congress will consider these proposals and act on them promptly and favorably.

Sincerely,

GERALD R. FORD

The Honorable
The Speaker
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Nelson A. Rockefeller
President of the Senate
Washington, D.C. 20510

Enclosure

#

August 29, 1975

Office of the White House Press Secretary

THE WHITE HOUSE

TO THE CONGRESS OF THE UNITED STATES:

Consideration of an adjustment in Federal white collar pay comes at a time when, although the economy is recovering, unsettling conditions are still adversely affecting the Nation's general welfare.

Under the Pay Comparability Act of 1970, an adjustment in Federal white collar pay will be required on October 1.

I have reviewed the report of my "pay agent" and the recommendations of the Advisory Committee on Federal Pay relative to a pay adjustment. Their findings indicate that an 8.66 percent increase will be required to achieve comparability with the private sector. I would normally order such a pay raise in recognition of the loyal service given the country by the Government's civilian and military personnel.

However, pay comparability must be viewed in the light of the country's current economic situation. Inflation, unemployment and recession continue to cause hardships on American consumers, workers and taxpayers -- with inflation showing a new spurt which hits hardest at the jobless and the disadvantaged.

I have attempted to curtail inflation by proposing Federal cost-saving measures and drawing the line at a \$60 billion deficit. However, with Congressional inaction on the expenditure reduction proposals made in my budget, this proposed deficit has already been exceeded by more than \$1 billion and will increase month after month unless there is new fiscal restraint.

A Federal white collar pay increase at the proposed 8.66 percent figure would add more than \$3-1/2 billion to Federal expenditures. A five percent increase, as I proposed in my budget, would reduce these expenditures by about \$1.6 billion.

Over the past several months, I have had to veto legislation involving a number of programs because of the costs involved. This meant some curtailment in the future expectations of many Americans. However, the cost impact of these proposals would have added to inflationary pressures and thus proven to be a hoax rather than a help.

My overriding objective is to achieve national economic stability for all Americans. Full comparability pay, at this time, is inconsistent with my course of action to build a strong and stable economy and to bring inflation under control. Therefore, the size of the proposed pay raise must be temporarily restrained for the economic well-being of the Nation as a whole.

more

Fed Pay

The pay act gives me the authority to propose whatever alternative pay adjustment I consider appropriate in the light of "economic conditions affecting the general welfare." The pay increase I have chosen will allow the Federal Government to lead the fight against inflation by example, and not just words alone.

It is my considered judgment that the salary adjustment should level off at the five percent increase which I called for last January. I strongly urge the Congress to support the alternative recommendation which is attached.

GERALD R. FORD

THE WHITE HOUSE,
August 29, 1975.

#



FEDERAL PAY COMPARABILITY ALTERNATIVE PLAN

In consideration of 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:

The adjustments in the rates of pay of each Federal statutory pay system to become effective on the first day of the first applicable pay period that begins on or after October 1, 1975, shall be limited to a 5% increase in lieu of the overall average of 8.66% determined under the comparability procedures set forth in Section 3(a) of the Federal Pay Comparability Act of 1970 (5 U.S.C. 5305).

FOR IMMEDIATE RELEASE

AUGUST 29, 1975

Office of the White House Press Secretary

THE WHITE HOUSE

FACT SHEET

FEDERAL EMPLOYEE PAY ADJUSTMENT

The President today sent to Congress a proposed pay increase of 5% under the provisions of the Federal Pay Comparability Act.

BACKGROUND

The Act requires that the President adjust, effective October 1 of each year, the salary rates for Federal employees under the General Schedule and most other white-collar pay systems.

The annual adjustment is not applicable to Federal blue-collar workers or Postal Service employees whose rates of pay are determined under different systems. Members of the uniformed services receive an adjustment to pay and allowances comparable to the General Schedule pay adjustment.

Under the Act, the President's pay agent (the Director of the Office of Management and Budget and the Chairman of the Civil Service Commission) report to the President on the adjustments needed in pay rates in order to achieve comparability with private sector rates. This year, the pay agent determined that an 8.66% increase would be appropriate to achieve comparability.

However, the President has authority under the Act to issue an alternative plan when he deems it necessary because of "national emergency or economic conditions affecting the general welfare." Any alternative plan is to be transmitted by the President to the Congress before September 1. Unless either House overrides an alternative plan by adopting a disapproval resolution, it goes into effect in October; if disapproved, the full comparability adjustment becomes effective on October 1.

The President recommended a 5% adjustment on the basis of an overriding commitment to all Americans to achieve national economic stability.

The President's alternative proposal of 5% would save some \$1.6 billion of the cost of comparability increase of 8.66% and thus operate to hold down the federal budget deficit and curtail inflation. Total costs of the 5% proposal would be approximately \$2 billion, which was anticipated in the President's budget.

Under recently enacted legislation, annual pay increases provided under the Act are also extended to judges, officials under the Executive salary schedule, Members of Congress and certain others, most of whom have not had a pay increase since March, 1969.

#

September 11, 1975

REASONS FOR SUPPORTING THE PRESIDENT'S
PROPOSED ALTERNATIVE PLAN FOR A 5%
GENERAL SCHEDULE PAY INCREASE

- The President's 5% alternative proposal will save \$1.6 billion!
- The 5% increase itself will cost approximately \$2 billion, an amount which was included in the FY 76 Budget.
- Additions to the Federal budget will be paid for in continued inflation. Since so much of the budget is uncontrollable, we must seize upon those items which are within our control to stop the ever mounting deficit.
- President Ford drew the line earlier this year at a deficit of \$60 billion. That line has already been breached.
- Congress, in its April Concurrent Budget Resolution, drew the deficit line higher -- at \$68.8 billion. This line is also almost surely to be breached substantially unless Congress, beginning now, takes positive action to prevent it. Interest costs, given present market rates, will be at least \$1.0 billion higher than estimated for purposes of the April budget resolution. Likewise, estimates for a range of "entitlement" programs will be at least \$2 billion higher. Therefore, even with the large cuts in defense and foreign aid assumed in the April Resolution, new efforts at expenditure control appear a must if Congress is not to be forced into voting for even higher deficits in its second Concurrent Budget Resolution on which it expects to act by November 1 -- a deficit that could easily exceed \$70 billion!
- The President's alternative plan in no way is intended to reflect adversely on the Government's esteem for its employees. It reflects instead an overriding concern to get inflation down and secure a healthy economy for all citizens.
- The average General Schedule salary for Federal employees is \$14,479, a figure which seems quite high to many Americans.
- At a time when so many citizens are unemployed, members of the Federal workforce, who are in a relatively secure job situation, have a special role to play in the war against double digit inflation and its inevitable companion -- worse recession.

Fri. 9/19 *RV*

REPUBLICAN WHIP—ROBERT H. MICHEL

H.Res.688 would disapprove the Pres. recommendation of a 5% pay increase
Tally Sheet for Federal employees and mandate an 8.66% raise. Will you **94th Congress**

vote against H.688 and support the Pres. proposal for 5%?

Western and Plains (Talcott)

Midwestern States (Myers)

	Yes	No	Und.	N/R
<i>California</i>				
Bell	/			
Burgener	/			
Clausen	/			
Clawson	/			
Goldwater	/			
Hinshaw	/			
Ketchum	/			
Lagomarsino (ARW)	/			
McCloskey	/			
Moorhead	/			
Rousselot	/			
Talcott	/			
Wiggins	/			
Wilson out of country	/			
Yellin	/			
<i>Alaska</i>				
Young	/			
<i>Arizona</i>				
Conlan	/			
Rhodes	/			
Steiger	/			
<i>Colorado</i>				
Armstrong (ARW)	/			
Johnson	/			
<i>Idaho</i>				
Hansen	/			
Symms	/			
<i>New Mexico</i>				
Lujan	/			
<i>Washington</i>				
Pritchard	/			
<i>Kansas</i>				
Sebelius	/			
Shriver	/			
Skubitz will vote Present	/			
Winn	/			
<i>Nebraska</i>				
McCollister	/			
Smith	/			
Thone (ARW)	/			
<i>North Dakota</i>				
Andrews	/			
<i>Oklahoma</i>				
Jarman	/			
<i>South Dakota</i>				
Abdnor	/			
Pressler	/			
Total	28	2	2	4
Total pages 1 and 2	111	10	11	13

	Yes	No	Und.	N/R
<i>Indiana</i>				
Hillis	/			
Myers	/			
<i>Iowa</i>				
Grassley	/			
<i>Michigan</i>				
Broomfield	/	/		
Brown	/			
Cederberg	/			
Esch	/			
Hutchinson	/			
Ruppe	/			
Vander Jagt	/			
<i>Minnesota</i>				
Frenzel (ARW)	/			
Hagedorn	/			
Quie	/			
<i>Wisconsin</i>				
Kasten	/			
Steiger	/			
<i>Ohio</i>				
Ashbrook	/			
Brown	/			
Clancy	/			
Devine	/			
Gradison	/			
Guyer	/			
Harsha	/			
Kindness	/			
Latta	/			
Miller	/			
Mosher	/			
Regula	/			
Stanton	/			
Whalen	/			
Wylie	/			
<i>Illinois</i>				
Anderson	/			
Crane	/			
Derwinski	/			
Erlenborn	/			
Findley	/			
Hyde	/			
Madigan	/			
McClory	/			
Michel	/			
O'Brien	/			
Railsback	/			
Total	34	2	1	4

REPUBLICAN WHIP—ROBERT H. MICHEL

Tally Sheet

94th Congress

Border and Southern (Young)					New England and Mid-Atlantic (McDade)				
	Yes	No	Und.	N/R		Yes	No	Und.	N/R
<i>Maryland</i>					<i>Connecticut</i>				
Gude					McKinney				
Holt					Sarasin				
Bauman					<i>Delaware</i>				
<i>Missouri</i>					duPont				
Taylor (ARW)					<i>Maine</i>				
<i>Kentucky</i>					Cohen				
Carter					Emery				
Snyder					<i>Massachusetts</i>				
<i>Tennessee</i>					Conte (ARW)				
Beard					Heckler <i>leaning</i>				
Duncan					<i>New Hampshire</i>				
Quillen					Cleveland				
<i>Florida</i>					<i>New Jersey</i>				
Bafalis					Fenwick <i>leaning</i>				
Burke					Forsythe				
Frey					Rinaldo				
Kelly					<i>Vermont</i>				
Young					Jeffords				
<i>North Carolina</i>					<i>New York</i>				
Broyhill					Conable				
Martin					Fish				
<i>South Carolina</i>					Gilman				
Spence <i>May vote present</i>					Hastings				
<i>Virginia</i>					Horton				
Butler					Kemp				
Daniel					Lent				
Robinson					McEwen				
Wampler					Mitchell (ARW)				
Whitehurst (ARW)					Peyser				
<i>Alabama</i>					Walsh				
Buchanan					Wydler				
Dickinson					<i>Pennsylvania</i>				
Edwards					Biester				
<i>Arkansas</i>					Coughlin <i>leaning</i>				
Hammerschmidt					Eshleman				
<i>Louisiana</i>					Goodling				
Moore					Heinz				
Treen					Johnson (ARW)				
<i>Mississippi</i>					McDade				
Cochran					Myers				
Lott					Schneebeli				
<i>Texas</i>					Schulze				
Archer					Shuster				
Collins									
Steelman									
Total	24	4	1	4	Total	25	2	7	1



CHARLES A. MOSHER
13TH DISTRICT, OHIO

COMMITTEES:
SCIENCE AND TECHNOLOGY
RANKING MINORITY MEMBER

MERCHANT MARINE AND FISHERIES
SUBCOMMITTEE ON OCEANOGRAPHY
RANKING MINORITY MEMBER

OFFICE OF TECHNOLOGY ASSESSMENT
MEMBER OF GOVERNING BOARD

Congress of the United States
House of Representatives
Washington, D.C. 20515

March 23, 1976

ADMINISTRATIVE ASSISTANT
MRS. BETTE WELCH

2368 RAYBURN BUILDING
WASHINGTON, D.C. 20515
(202) 225-3401

DISTRICT OFFICE:
AL PORKOLAB
517 EAST 28TH STREET
LORAIN, OHIO 44055
(216) 244-1572

PART-TIME OFFICES:
MRS. DOROTHY LITMAN
301 WEST MARKET STREET
SANDUSKY, OHIO 44870
(419) 625-7193

COUNTY ADMINISTRATION BUILDING
MEDINA, OHIO 44256
(216) 725-6120

MUNICIPAL BUILDING
BARBERTON, OHIO 44203
(216) 848-1001

Honorable David Henderson, Chairman
House Committee on Post Office and Civil Service
309 Cannon House Office Building
Washington, D. C. 20515

Dear Mr. Chairman:

It is my understanding that the conferees on HR 8617 have agreed to drop out the Taft Amendment on grounds that it could not withstand a challenge to its germaneness. I claim no particular expertise on this parliamentary question, so I shall defer to your judgment.

However, I do now urge you and your Committee to move as quickly as possible to hold hearings on HR 9336 and similar proposals to modify the congressional pay raise mechanism. This summer or fall we will again be confronted with a necessary vote on automatic cost-of-living salary increases for federal employees and we will again be in the very peculiar and awkward position of having to vote on our own salaries.

Not only is this awkward and embarrassing, I believe it is quite improper. What clearer example of inherent conflict of interest can we find than the case of a Member of Congress voting on higher salary levels that are immediately applicable to the Member? I think it is imperative that we resolve this problem before the annual federal salary debate is upon us again later this year.

Approximately twenty States now have provisions in their constitutions, prohibiting members of the State Legislatures from voting themselves pay raises during the term in which they are seated. Here is one instance where the federal government would do well to follow the example of the States.

Prompt action on HR 9336 will be greatly appreciated by the 90 cosponsors of that bill and by the large numbers of people in the media and general public who have expressed an interest. Thanks much.

Sincerely,

Charles A. Mosher

CAM:rc

cc: Hon. Edward J. Derwinski



From the office of CONGRESSMAN CHARLES A. MOSHER
Phone: 202/225-3401

FOR RELEASE: Friday, March 12, 1976

CONTACT: Marc Rosenberg

SENATE APPROVES MOSHER-TAFT PROPOSAL

Last night (March 11) the US Senate accepted a proposal by Senator Robert Taft that a general election must fall between the time when Congress grants itself a pay increase and the time when that increase goes into effect. The proposal came as an amendment to legislation that would rewrite the Hatch Act, a law restricting political activity by federal employees.

The idea of deferring Congressional pay raises until after general elections, so that the public would have a chance to vote on the decision, was proposed by Congressman Charles A. Mosher (R-Ohio) last July and was first put into legislative language by Mosher in September. Senator Taft then introduced identical legislation on the Senate side.

Today Congressman Mosher said, "It's great that Bob Taft has been so successful in promoting our legislation on the Senate side of the Hill. Yesterday's vote is an indication of the strong support that this idea has not only in Congress but throughout the country."

Referring to the lack of action on his bill in the House of Representatives, Mosher said, "There are now 46 Congressmen who have joined me as cosponsors of this much-needed legislation and we all hope that the Senate's action yesterday will stimulate our colleagues on the House Committee on Post Office and Civil Service. Their foot-dragging on this issue so far has been a great disappointment to us."

Mosher indicates that he will now pursue a dual strategy of soliciting support for the Taft amendment to the Hatch Act Reform bill and also pressuring the Post Office Committee to proceed with consideration of separate legislation. "We have to recognize," he explains, "that no matter how good this particular amendment is, it is still attached to a larger, complex piece of legislation that is essentially bad."

President Ford is expected to veto the Hatch Act "Reform" legislation, and Mosher and Taft are both expected to support that veto. Mosher feels, though, that "The strong support for the Taft amendment on Congressional pay raises will force the Congress to move quickly on separate legislation such as we have proposed. This latest development is most encouraging."



CHARLES A. MOSHER
13TH DISTRICT, OHIO

COMMITTEES:
SCIENCE AND TECHNOLOGY
RANKING MINORITY MEMBER

MERCHANT MARINE AND FISHERIES
SUBCOMMITTEE ON OCEANOGRAPHY
RANKING MINORITY MEMBER

OFFICE OF TECHNOLOGY ASSESSMENT
MEMBER OF BOARD

Congress of the United States
House of Representatives
Washington, D.C. 20515

March 19, 1976

ADMINISTRATIVE ASSISTANT
MRS. BETTE WELCH

2368 RAYBURN BUILDING
WASHINGTON, D.C. 20515
(202) 225-3401

DISTRICT OFFICE:
AL FORKOLAB
317 EAST 28TH STREET, LORAIN
(216) 244-1572

PART-TIME OFFICES:
MRS. DOROTHY LITMAN
301 WEST MARKET ST., SANDUSKY
(419) 825-7193

OLD COURT HOUSE, MEDINA
(216) 723-6120

MUNICIPAL BUILDING, BARBERTON
(216) 848-1001

Dear Colleague:

I am pleased to report that there are now ⁹⁰85 cosponsors of our bill to require that a general election must fall in the time between a vote on a congressional pay raise and the effective date of that increase.

As you know, on March 11, the Senate accepted Senator Taft's proposal to add this provision as an amendment to H.R. 8617, a bill to revise the Hatch Act. The House had no comparable provision in H.R. 8617 and this issue must now be discussed in conference.

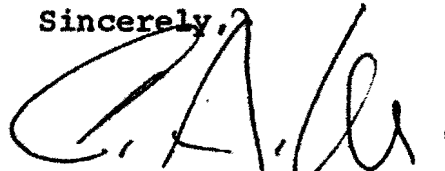
I have written to the House conferees, urging them to accept the Taft Amendment. (The conference may convene as early as Monday, March 22.) A copy of my memo to the conferees is enclosed here, for your information.

It is my feeling that regardless of how we feel about the larger controversy over revising the Hatch Act, we should be able to agree on the basic impropriety and awkwardness of Members of Congress having to vote themselves pay raises. In many states, it is a constitutional requirement that no legislative salary increase can go into effect during the same session in which it is voted. This makes good sense and the Congress should waste no time in adopting the idea.

If we are not successful in retaining the Taft Amendment and/or H.R. 8617 (amended) fails to become law, then I intend again to urge the Post Office and Civil Service Committee to hold hearings as soon as possible. I hope you may do the same.

Your cosponsorship of the Congressional pay raise deferral proposal is greatly appreciated. Any additional assistance you can provide in promoting this worthy idea would also be most welcome.

Sincerely,



Charles A. Mosher
Representative to Congress

CAM:rmw

CHARLES A. MOSHER
13TH DISTRICT, OHIO

COMMITTEES:
SCIENCE AND TECHNOLOGY
RANKING MINORITY MEMBER

MERCHANT MARINE AND FISHERIES
SUBCOMMITTEE ON OCEANOGRAPHY
RANKING MINORITY MEMBER

OFFICE OF TECHNOLOGY ASSESSMENT
MEMBER OF GOVERNING BOARD

Congress of the United States
House of Representatives
Washington, D.C. 20515

March 19, 1976

ADMINISTRATIVE ASSISTANT
MRS. BETTE WELCH

2308 FAYBURN BUILDING
WASHINGTON, D.C. 20515
(202) 225-2401

DISTRICT OFFICE:
AL PORKOLAB
517 EAST 28TH STREET
LORAIN, OHIO 44055
(216) 244-1572

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MRS. DOROTHY LITMAN
301 WEST MARKET STREET
SANDUSKY, OHIO 44870
(419) 625-7193

COUNTY ADMINISTRATION BUILDING
MEDIHA, OHIO 44256
(216) 725-6120

MUNICIPAL BUILDING
BARBERTON, OHIO 44203
(216) 848-1001

MEMO TO: House Conferees on H.R. 8617

FROM: Charles A. Mosher, Representative to Congress

I urgently call your attention to the amendment added to H.R. 8617 by Senator Taft during the Senate's consideration last week of Hatch Act reform legislation. The Taft amendment stipulates that no Congressional salary increase could go into effect until the Congress after the one in which it is voted upon.

The language of the Taft amendment is essentially identical to legislation I have introduced in the House (first submitted as H.R. 9336 on September 2, 1975). In fact, Senator Taft is the Senate sponsor of this legislation.

Yesterday I listed 29 new cosponsors on the two Congressional pay raise deferral bills that I put into the hopper (H.R. 12635 and H.R. 12636). Added to those who have previously gone on this legislation, a total of 85 cosponsors are now on record. This is a strong, diverse, bipartisan group and I believe it is representative of the broad support this proposal enjoys both in the Congress and in the country at large.

Consequently, I urge you to accept the Taft amendment to H.R. 8617.

Regardless of differences of opinion about the Hatch Act, I think we can all agree that it is extremely bad policy for us to continue the present situation wherein Members of Congress are in the awkward circumstance of having to vote upon their own salaries. Clearly, it would be far better, for a variety of reasons, to provide by statute that a general election must fall in the time between the vote on Congressional salary increases and its effective date.

In the event that the Taft amendment is not retained or that H.R. 8617 is not signed into law with the Senate amendments, then I trust that the Post Office and Civil Service Committee will move promptly to take up consideration of our proposal for deferral of Congressional pay raises. I believe that Congressional and public support for this idea is such that it cannot be ignored.

Thank you for your consideration.

CAM;rdo

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CONGRESSIONAL PAY RAISE DEFERRAL ACT
SPONSORS
In the House of Representatives
As of March 18, 1976

Mosher, Charles (author)	(OH)	Jeffords, James	(VT)
Abdnor, James	(SD)	Kastenmeier, Robert	(WI)
Anderson, John	(IL)	Ketcham, William	(CA)
Bafalis, Skip	(FL)	Kindness, Thomas	(OH)
Baucus, Max	(MT)	Lagomarsino, Robert	(CA)
Bauman, Robert	(MD)	Latta, Delbert	(OH)
Bedell, Berkley	(IA)	Lehman, William	(FL)
Blouin, Mike	(IA)	Levitas, Eliot	(GA)
Breaux, John	(LA)	Litton, Jerry	(MO)
Brown, Clarence	(OH)	McCloskey, Pete	(CA)
Burgener, Clair	(CA)	Martin, James	(NC)
Carr, Robert	(MI)	Mathis, Dawson	(GA)
Cleveland, James	(NH)	Matsunaga, Spark	(HA)
Cochran, Thad	(MS)	Mazzoli, Romano	(KY)
Cohen, William	(ME)	Meyner, Helen	(NJ)
Conable, Barber	(NY)	Michel, Robert	(IL)
D'Amours, Norman	(NH)	Mikva, Abner	(IL)
Devine, Samuel	(OH)	Miller, Clarence	(OH)
Downey, Thomas	(NY)	Miller, George	(CA)
duPont, Pete	(DE)	Montgomery, Sonny	(MS)
Edgar, Robert	(PA)	Mottl, Ronald	(OH)
Edwards, Don	(CA)	Patterson, Jerry	(CA)
Edwards, Jack	(AL)	Pattison, Edward	(NY)
Eilberg, Joshua	(PA)	Pettis, Shirley	(CA)
Eshleman, Edwin	(PA)	Quie, Al	(MN)
Fenwick, Millicent	(NJ)	Regula, Ralph	(OH)
Fithian, Floyd	(IN)	Roe, Robert	(NJ)
Forsythe, Edwin	(NJ)	Santini, Jim	(NV)
Frenzel, Bill	(MN)	Schneebli, Herman	(PA)
Fuqua, Don	(FL)	Spellman, Gladys	(MD)
Gradison, Willis	(OH)	Stanton, J. William	(OH)
Gude, Gilbert	(MD)	Stark, Pete	(CA)
Guyer, Tennyson	(OH)	Steiger, William	(WI)
Hagedorn, Tom	(MN)	Stephens, Robert	(GA)
Hannaford, Mark	(CA)	Stuckey, Bill	(GA)
Harris, Herb	(VA)	Talcott, Burt	(CA)
Hechler, Ken	(WV)	Thone, Charles	(NE)
Heckler, Peggy	(MA)	Van Deerlin, Lionel	(CA)
Holt, Marjorie	(MD)	Walsh, William	(NY)
Howe, Alan	(UT)	Whitehurst, William	(VA)
Hughes, William	(NJ)	Winn, Larry	(KA)
Hutchinson, Edward	(MI)	Wydler, John	(NY)
		Young, Bill	(FL)

Addition: Duncan, Robert (OR)

late adds:

Hinshaw
vander Veen
Ottinger

Moffett
Russo

46	GOP
44	Dem

OFFICE OF THE WHITE HOUSE PRESS SECRETARY

FEDERAL EMPLOYEES PAY FWS

The President has decided not to submit an "alternative plan" on Federal Pay.

The President will make the decision on federal pay prior to October 1. He has before him three recommendations, submitted pursuant to the pay comparability law.

One recommendation is that of the "Pay Agent" -- the Director of OMB and the Chairman of the Civil Service Commission. This calls for an average increase of 4.83%.

Another recommendation is that of that Federal Employees Pay Council -- made up of a group of union leaders. This calls for an across-the-board pay increase of 8.2%.

Another recommendation is that of the President's Advisory Committee on Federal Pay -- a committee of pay experts from the private sector. Their recommendation has not been made public.

A total of 1.9 million white collar workers and approximately 2 million military personnel will be covered by the President's decision. Blue collar workers have their pay established by a separate system.

The 4.83% pay hike recommended by the Pay Agent would cost about \$2.5 billion, \$160^{million} more than currently provided in the Budget. The 8.2% pay hike recommended by the Federal Employees Pay Council would cost \$1.5 billion more.

1

9/29 - to be announced at 3:30

Acting under the Federal Pay Comparability Act of 1970, the President today approved an average 4.83 percent pay increase for 1.4 million federal white-collar employees and 2 million military personnel. The raise will take effect on October 1, 1976. For general schedule grades, the raise will range from the low of 4.24 percent for GS-5 to a high of 7.92 percent for GS-15. The total annualized cost of the adjustment for civilians and the military is estimated at \$2.4 billion.

Henderson	3415		(U.)	
Derwinski	3961		(U.)	
Speaker	5414		(U.)	
O'Neill	5111 5040	Betty	(Q.)	- 3:45
McFall	5604		(U.)	
Rhodes	0600	Clara	(Q.)	- 3:40
Michel	6201	Pharm	(U.)	



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*called by -
Vera Hannigan*

<i>Vera</i> {	Henderson	3415 Betsey Wharton	3:45	9/29
	Derwinski	3961 Anne Bolton	3:50	9/29
	Speaker	6414		
<i>Nancy</i> {	O'Neill	8040		
	McFall	5604		
<i>Janet</i> {	Rhodes	0600		
	Michel	6201 - Sharon	3:40	9/29



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Sen
Henderson

3415

Derwinski
Derwinski

3961

Speaker
Speaker

6414 2204 Pat 3:45

O'Neill
O'Neill

8040

McFall
McFall

5604 - Ken - 3:50

Rhodes
Rhodes

0600

Michel
Michel

6201

