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THE WHITE HOUSE

WASHINGTON

August 26, 1974

MEMORANDUM FOR THE PRESIDENT

FROM: AL HAIG 

SUBJECT: Federal Pay Increase

-- At Tab B is the memorandum from Ash you reviewed this morning outlining OMB's proposal on dealing with the scheduled cost of living increase for federal employees.

-- At Tab A is a memorandum from Ash outlining the legal implications of your ability to delay for 3 months, or even 12 months, the scheduled pay increase. Ash's memorandum confirms that last year's litigation was based on a technicality which should not be repeated this year.

Ash also confirms that whatever action you take to delay or cancel the increase will be subject to review by both Houses of the Congress. He believes, and I am inclined to agree, that the 3-month delay recommended in Tab B is about as much as the traffic will bear and even this course should not be undertaken without prior consultation. Ash also believes that a 12-month delay, even if dramatized by a voluntary cut in your own pay would be overruled by the Congress and would result in much ill-will from federal employees whose pay scales are already badly lagging those of the private sector.

Ash confirms that you have the authority to reduce voluntarily your own pay, but needs more time to explore specific alternatives.

RECOMMENDATION: That you authorize Ash and Timmons to explore both the 3-months delay recommended at Tab B and the total deferral option with key Congressional leaders before making a final decision.

 Approve \_\_\_\_\_ Disapprove \_\_\_\_\_

Attachments