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THE WHITE HOUSE
WASHINGTON

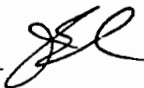
July 24, 1975

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

JAMES T. LYNN

FROM:

JAMES E CONNOR 

SUBJECT:

Pay Raise Legislation

The President has reviewed your memorandum of July 17th and made the following notation:

"J.R. won't go beyond two years -- might go Option #1"

Please follow-up with appropriate action.

cc: Don Rumsfeld

Jim -

This was handed to Lynn on Saturday --
we got it back thru Cheney's office --

Do we have to confirm what the
President said in memo to Lynn or can
we just file in handwriting?

for record &

Trudy



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

July 17, 1975

MEMORANDUM TO THE PRESIDENT

From: James T. Lynn
Subject: Pay Raise Legislation

Ed Derwinski advised me this morning that the most he has been able to do with John Rhodes thus far is to get agreement to a 2-year pay increase mechanism. In other words, it is John's view that the comparability linkage should end at the time of the quadriennial review.

Ed believes that at his further urging John would probably accept a modification of the 2-year limit -- that if no pay increase results from the quadriennial review the comparability increases continue for an additional 4 years.

Thus, there are 3 options:

Option 1. The plan as submitted to you which puts into law the comparability feature without a time limitation. This is the approach agreed upon by Senators McGee and Fong, Congressmen Henderson and Derwinski and, insofar as I am aware, all of the leadership on both sides with the exception of John (and Mansfield who, I understand, will not support but will not fight). I think it is the best option, but opposition by John Rhodes would make it very difficult. Thus, it would take a personal call from you to John Rhodes -- today.

Option 2. The present Rhodes proposal limiting the comparability provision to two years. The only things that can be said for this option are that (1) it would be better than nothing, and (2) since there would be no immediate prospect of further comparability

increases at the time you make your quadrennial recommendation it might result in additional support for your quadrennial increase. On the other hand, it would require renegotiating the plan with all the other principals and I can say in advance that I don't think it will set too well with the Senate. As you know, they wanted more, not less.

Option 3. This is the Rhodes 2-year limitation with the proviso that if no increase is given as a result of your quadrennial recommendation, comparability increases would continue until the next quadriennial. The only reason Ed Derwinski proposes this is that it is somewhat better than John Rhodes' present position and something that he thinks John would accept, with further negotiation, without your call to Rhodes. This, too, would require going to all other principals and probably won't please the Senate.

Please indicate the course you wish to follow:

Option 1 (Derwinski/Lynn recommendation) _____

Option 2 _____

Option 3 _____

See me _____

*J. R. won't go beyond
2 yrs - might go Op. 3*

COPY to Mr. John Marsh