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September 2, 1976

SUBJECT:

FEDERAL PAY RAISE

The House yesterday voted to exempt members of Congress, the Judiciary, and Executive Branch personnel at and above Executive Level 5 (\$37,800) from the automatic pay increase due to take effect Oct. 1.

QUESTION: What is the President's reaction to this bill?
Will he veto it?
When will he decide on the amount of increase
to be granted to all other federal workers?

GUIDANCE: The bill is not yet in final form, and the President feels it would be premature to comment now.

He has received the various recommendations on the pay raise for other government employees and is studying them. He will make his recommendation as soon as that study is completed.

BACKGROUND: Under a bill passed last year, all government salaries were to be adjusted annually to keep up with changes in the cost of living. The House bill was aimed at exempting, for this year only, Members of Congress. Rep. Morris Udall, however, added an ammendment which also exempted the upper levels of federal executives and members of the judiciary.

The amendment, which it is believed Udall now regrets because it also eliminates the Quadrennial Review Commission, which recommends upper level slaries, hinders the President's efforts to bring all federal pay levels to comparability with those of the private sector. There has been a serious problem in attracting talented people to work in the federal government at salaries, which are below what they are earning in private industry.

In the matter of general salaries, the President must decide before October 1 which of three recommendations to accept in recommending mandated pay increases for federal employees. His own advisors have recommended an increase of 4.83 percent. The Federal Employees Pay Council has recommended an increase of between 6.7 percent and 8.2 percent. An advisory panel from the private sector has recommended another level, which has been given to the President, but which has not been made public.

JBS

GUIDANCE ON FEDERAL EMPLOYEES PAY

The law provides that the President each year ~~review~~ the Federal pay schedules in order to make adjustments to "compare with private wages," and that the three bodies listed in the press release yesterday make recommendations as to the amount of increase Federal employees should receive. In addition, this year the law says that the President does not have to run his decision past the Congress, unless he opts for an alternative different from one of the three proposed.

If he opted for such an alternative, he had to make a decision by midnight Aug. 31. He made the decision not to select an alternative, but to choose one of the three, although he has not yet decided which one. He has until October 1 to make that decision, at which time the increase will go into effect immediately.

This year, the recommendation of the Pay Agent (option A) is highly controversial because the increases are "weighted" at different grade levels, and the lowest levels ~~are~~ would receive the smallest percentage increase.

The last option, that of the Advisory Committee on Federal Pay, is between Options A and B (4.53% and 5.2%) but they have not released the figure.

ME

November 5, 1975

SUBJECT:

PRESIDENT'S PANEL ON
FEDERAL COMPENSATION

The President's Panel on Federal Compensation met yesterday. As you recall, the President appointed this Panel on June 12, 1975, and gave them the assignment to ascertain any needed changes in Federal Compensation policies and practices. They were to submit a report to the President by November 1, 1975.

The members of the Panel met yesterday, and with the concurrence of the President, decided to delay the submission date of their report until December 1, 1975.

Why the delay?

GUIDANCE: There are still some open issues to be resolved, and in the meeting yesterday, the President raised some new questions and issues.

Who attended yesterday's meeting?

GUIDANCE: Vice President, Nelson Rockefeller; Secretary of Labor, John Dunlop; Director of OMB, Jim Lynn; Chairman of the Civil Service Commission, Bob Hampton; Director of the Council on Wage and Price Stability, Mike Moskow; Assistant Secretary of Defense for Manpower and Reserve Affairs, Bill Brehm; Special Assistant to the Chairman (of the Panel), Dr. T. Norman Hurd; Executive Director (of the Panel), Robert Fredlund, and Bill Seidman.

December 16, 1975

SUBJECT:

REPORT OF THE PANEL ON
FEDERAL COMPENSATION

For Announcement

The President today is releasing the Report of the Panel on Federal Compensation.

As you may recall, the President established the Panel on June 12, 1975, to review Federal compensation and make policy recommendations. The Vice President chaired this Panel.

The Report itself and a fact sheet outlining the major recommendations of the Panel should be here for distribution at the conclusion of the briefing.

If you have any questions, John Carlson can probably answer many of them for you. Also, Bob Fredlund, the Executive Director of the Panel, will be available at their offices; phone 254-3316.

JGC

May 21, 1975

SUBJECT:

USERY FAVORS COLLECTIVE BARGAINING
FOR FEDERAL EMPLOYEES

In a speech to the American Federation of Government Employees (AFGE) in Salt Lake City on Tuesday night, May 19, W. J. Usery, Jr., stated that he was in favor of collective bargaining rights under law for Federal employees and their unions.

Was Mr. Usery expressing the views of the White House in his comments?

GUIDANCE: Mr. Usery's comments, while not an official position of the Administration, was certainly based on his personal experience and knowledge in the labor relations area. Mr. Usery is certainly free to speak openly.

I might just point out that there is an Executive Order (EO 11491) which assigns to the Federal Labor Relations Council, the responsibility of deciding major policy issues for Federal employees and their unions. That Executive Order was amended by President Ford on February 6, 1975, and became effective on May 7, 1975. The new amendments, among other things, expand the number of matters subject to negotiation by Federal employees, facilitate the consolidation of existing bargaining units in the Federal sector and authorize the Assistant Secretary of Labor for Labor Management Services to investigate unfair Labor practice charges.

Does this mean that the President feels the Federal employees are adequately covered and do not need collective bargaining rights?

GUIDANCE: I have not heard the President comment on this, but it is my understanding that some in the Administration feel that since the amendment to the existing Executive Order only became effective May 7, it would be best to gain some experience in the area of Federal labor relations. While at some time in the future there may be a need for legislation in this area, it should be in the light of the best possible experience gained under the administering of the existing Executive Order.

JGC

November 11, 1974

SUBJECT:

FREEZE ON PROMOTIONS?

Is the Government planning to freeze promotions as reported in the newspapers over the weekend?

GUIDANCE: There is under study a proposal from the Office of Management and Budget to freeze all promotions--both military and civilian--for 90 days. This would save in the current fiscal year about \$42 million of which \$15 million would be in the civilian sector of the Federal Government. There has been no final decision on this, but it is being seriously considered.

Would this affect all military and civilian promotions?

GUIDANCE: If there is a freeze, there would be, of course, an appeals setup and where there have been clear cut agreements for a promotion at a specific time, these agreements would be honored. For example, if there is a signed document that upon satisfactory completion of training, there will be a promotion--those bona fide agreements would, of course, be honored, even if the freeze is adopted.

Now that the cat is out of the bag, what is the status of promotions, both military and civilian, between now and the time a decision may be made to freeze promotions?

GUIDANCE: That's a very good question and may well be why the story got out prematurely. I think those who are authorized to make promotions would be well advised to withhold any action now, as of Monday, November 11, until there is a decision, one way or the other.

JGC

October 3, 1974

SUBJECT:

ADVISORY COMMITTEE ON PAY CHARGES
5.5% FEDERAL PAY RAISE NOT COMPARABLE

The President's Advisory Committee on Federal Pay has told President Ford, in their annual report, that the 5.5% Federal pay raise is not enough to make government salaries comparable to private industry, and thus fails to meet the provisions of the Federal Pay Act of 1970. They cite the fact that the Bureau of Labor Statistics survey was completed last March, and since that time, wages in private industry have increased. In addition, they are concerned about Presidents Nixon and Ford's delaying the pay raises that should be automatic.

What is the President's reaction to the criticism by the President's Advisory Committee on Pay?

GUIDANCE: The Federal Pay Comparability Act of 1970 sets forth prescribed procedures which we followed. Others may want to consider changing the law, but it is our requirement to be responsive to it as it is on the books at this time.

They also had criticism as to President Ford trying to delay the raise 90 days, thus using this as a fiscal device. What's your reaction to that?

GUIDANCE: The Federal Pay Act cites that a delay may be invoked because of economic conditions affecting the general welfare. I think we'd all agree that there are unusual economic conditions at this time.



October 1, 1974

SUBJECT:

FEDERAL PAY

Talking Points

You have a copy of the President's statement in which he concludes that the ~~increase~~ increase for Federal pay should be 5.52% this year.

I would point out that within the next few days, the President will be sending a message to Congress outlining his decision, along with an Executive Order implementing the pay increase, plus copies of the report of the ~~President's~~ (the Civil Service Commission and OMB report) and the report of the Advisory Committee on Federal Pay.

Why aren't the Executive Order and the Message to Congress and the reports all being released at this time?

GUIDANCE: The Message to Congress and the Executive Order are still being prepared, but we wanted to get out this President's statement on Federal pay no later than October 1, so that Federal employees could be apprised of the increase.

We will make these available to the Press at the time they are forwarded to Congress.

Number of employees affected

1.4 Myn civilians

2.15 Myn militas



9/25/74

1. Date and amount of pay raise announcements

GUIDANCE: The President will announce the amount of the pay raise for Federal employees in the next few days, quite probably prior to October 1.

Expect to have something soon. No later than tomorrow.



October 23, 1975

SUBJECT:

"THE BALLOONING BUREAUCRACY"

What's your reaction to the Bonafede article?

GUIDANCE: The Post article is unfortunately misleading. When President Ford came into office, the budget plan then before the Congress requested funds to support 1,968,100 fulltime Federal employees.

On August 30, 1974, President Ford announced his goal to reduce that number by 40,000 by June 30, 1975, to 1,928,000.

In fact, fulltime Federal employment on June 30, 1975, was 1,914,352--53,748 below the planned level of Federal employment which President Ford inherited when he took office.

The Post article is a mishmash of confused numbers, mixing fulltime Federal employees with temporaries and parttimers. Failing to recognize the difference between employees who are subject to Executive control and those in the Postal Service who are not; and comparing employment year-to-year in different months, which fails to recognize the seasonality of some Federal employment.

For example, in the Internal Revenue Service, where thousands of temporary employees are hired to process tax returns or, in the Department of Interior, where summer workloads require major expansion of temporary staff.

Overall, the number of tulltime, permanent and temporary people did increase from July 1974 to July 1975 by 7,799. Fulltime permanent only increased about 2,000.

JGC



August 26, 1975
(Revised 10/17/75)

SUBJECT:

TOTAL FEDERAL CIVILIAN
EMPLOYMENT CUT BY 52,000

In the President's speech on August 25, 1975 in Chicago, he commented that the total federal civilian employment was cut by 52,000.

What is the total annual civilian employment?

GUIDANCE: The projected June 30, 1975, civilian employment level was 1,968,000. As of June 30, 1975, total civilian employment actually ended up at 1,915,700, a cut of over 52,000 from that projected.

What is the total federal payroll, including both military, civilian, post office, etc.?

GUIDANCE: As of June 30, 1975:

Civilian, full time	1,914,352*
Civilian, non-permanent	192,039
Postal Service, permanent	558,311
Postal Service, non-permanent	134,965
Military	2,127,000
Coast Guard	36,788
Legislative, full time	20,069
Legislative, temporary	18,451
Judicial Branch, full time	9,502
Judicial Branch, temporary	897
TOTAL	5,012,374

*This was the figure cut by 53,748. The President wanted a 40,000 cut.

JGC

REDUCING SIZE OF GOVERNMENT

- Q. One of the themes of your administration seems to be reduction of the size of the Federal Government. If you had a free hand to do whatever you wanted, how would you go about cutting the size of the Federal Government, and how much would you cut it?
- A. If I had a free hand to do whatever I wanted, I wouldn't necessarily set out to cut the government below the size we have now.

What I would do is stop the ever-faster pace of increasing the size of our government. It's not necessary to have expanded programs or new programs day by day to meet our national needs. We're already taking a bath in red ink. It's time to dry out.

The best thing we could do is to evaluate the present programs -- to make sure they carry out the purpose for which they were set up. For instance: do our nutrition programs actually increase the nutritional level of our people? Or for instance, is there some way we could make the programs simpler, with less red tape, fewer forms and more efficient systems? We're working at that through the Management by Objectives System, through the Regulatory Reform campaign, and through OMB's Evaluation Role.

Another thing we could do is to get across to the public the need to set priorities: We'll go broke ~~like~~ as New York seems to be threatening to do if we keep up our present pace. The public has got to understand this, and if they do, they will work with us in government so that we do the very best things we can, and spin off the projects with lesser priorities.

Finally, the effort to increase local decision-making will help in this effort. The General Revenue Sharing program allows local decisions on local problems -- and that means better decisions based on local needs.

Q. GOVERNOR CARTER CLAIMS THAT THERE ARE SOME 1,800 FEDERAL AGENCIES WHICH HE WOULD REDUCE IF ELECTED PRESIDENT. DO YOU AGREE WITH HIS NUMBER? IS SUCH A REDUCTION POSSIBLE? WOULD YOUR LEGISLATION HELP ACCOMPLISH THIS?

A. It's hard to answer Governor Carter's claim without knowing his definition of "agency".

There are presently 11 Cabinet Departments, 60 major agencies, boards, and commissions, and 41 government sponsored corporations. In addition, federal agencies from time to time consult with more than 1,200 special advisory committees, groups of individuals who serve as special consultants to the government and are paid only for their services.

This comprehensive reform would examine the operations of any organization that the President felt was important and certainly his recommendations to Congress could include the abolition or streamlining of any organization.