

FOR IMMEDIATE RELEASE

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, consults 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 5.5 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, if, because of national emergency or economic conditions affecting the general welfare, he should consider it inappropriate to make the required pay adjustment.

(MORE)

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.

#

#

#