

SEPTEMBER 19, 1974

Office of the White House Press Secretary

NOTICE TO THE PRESS

The President has signed H. R. 15406--Military compensation-- which revises the method for allocating pay increases for members of the uniformed services so that such increases are distributed among basic pay and quarters and subsistence allowances instead of being allocated entirely to basic pay.

Current law provides that whenever Federal civilian employees receive a pay raise, a comparable increase in compensation must be provided for uniformed services personnel. The law requires, however, that this comparability increase be provided by an adjustment in basic pay only, despite the fact that uniformed services personnel are compensated through quarters and subsistence allowances as well as by basic pay. The enrolled bill will retain the principle that pay raises for the uniformed services should be linked to civilian pay increases, but it will provide a new method for allocating these pay increases among the various components of uniformed services compensation. Under H. R. 15406, the President will be required to increase quarters and subsistence allowances as well as basic pay. Each of these three elements of compensation would be increased by the same percentage increase authorized for Federal civilian pay rates. This method will ensure that future allowances for quarters and subsistence would bear a more reasonable relationship to the costs they are intended to cover.

More importantly, enactment of the enrolled bill will result in significant savings to the Government. Certain overlapping benefits would be eliminated; e. g. pay increases for members who are furnished quarters and subsistence at government expense will not include increases related to food and housing costs which these members do not have to meet. In addition, entitlements which are related to basic pay, such as retired pay, would be reduced somewhat since a smaller amount of future pay increases would go into the basic pay component.

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