

FOR IMMEDIATE RELEASE

August 29, 1975

Office of the White House Press Secretary

THE WHITE HOUSE

TO THE CONGRESS OF THE UNITED STATES:

Consideration of an adjustment in Federal white collar pay comes at a time when, although the economy is recovering, unsettling conditions are still adversely affecting the Nation's general welfare.

Under the Pay Comparability Act of 1970, an adjustment in Federal white collar pay will be required on October 1.

I have reviewed the report of my "pay agent" and the recommendations of the Advisory Committee on Federal Pay relative to a pay adjustment. Their findings indicate that an 8.66 percent increase will be required to achieve comparability with the private sector. I would normally order such a pay raise in recognition of the loyal service given the country by the Government's civilian and military personnel.

However, pay comparability must be viewed in the light of the country's current economic situation. Inflation, unemployment and recession continue to cause hardships on American consumers, workers and taxpayers -- with inflation showing a new spurt which hits hardest at the jobless and the disadvantaged.

I have attempted to curtail inflation by proposing Federal cost-saving measures and drawing the line at a \$60 billion deficit. However, with Congressional inaction on the expenditure reduction proposals made in my budget, this proposed deficit has already been exceeded by more than \$1 billion and will increase month after month unless there is new fiscal restraint.

A Federal white collar pay increase at the proposed 8.66 percent figure would add more than \$3-1/2 billion to Federal expenditures. A five percent increase, as I proposed in my budget, would reduce these expenditures by about \$1.6 billion.

Over the past several months, I have had to veto legislation involving a number of programs because of the costs involved. This meant some curtailment in the future expectations of many Americans. However, the cost impact of these proposals would have added to inflationary pressures and thus proven to be a hoax rather than a help.

My overriding objective is to achieve national economic stability for all Americans. Full comparability pay, at this time, is inconsistent with my course of action to build a strong and stable economy and to bring inflation under control. Therefore, the size of the proposed pay raise must be temporarily restrained for the economic well-being of the Nation as a whole.

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The pay act gives me the authority to propose whatever alternative pay adjustment I consider appropriate in the light of "economic conditions affecting the general welfare." The pay increase I have chosen will allow the Federal Government to lead the fight against inflation by example, and not just words alone.

It is my considered judgment that the salary adjustment should level off at the five percent increase which I called for last January. I strongly urge the Congress to support the alternative recommendation which is attached.

GERALD R. FORD

THE WHITE HOUSE,
August 29, 1975.

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FEDERAL PAY COMPARABILITY ALTERNATIVE PLAN

In consideration of economic conditions affecting the general welfare, I hereby transmit to the Congress the following alternative plan, as authorized and required by Section 5305(c)(1) of Title 5, United States Code:

The adjustments in the rates of pay of each Federal statutory pay system to become effective on the first day of the first applicable pay period that begins on or after October 1, 1975, shall be limited to a 5% increase in lieu of the overall average of 8.66% determined under the comparability procedures set forth in Section 3(a) of the Federal Pay Comparability Act of 1970 (5 U.S.C. 5305).