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Office of the White House Press Secretary

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THE WHITE HOUSEFACT SHEET

## FEDERAL EMPLOYEE PAY ADJUSTMENT

The President today sent to Congress a proposed pay increase of 5% under the provisions of the Federal Pay Comparability Act.

BACKGROUND

The Act requires that the President adjust, effective October 1 of each year, the salary rates for Federal employees under the General Schedule and most other white-collar pay systems.

The annual adjustment is not applicable to Federal blue-collar workers or Postal Service employees whose rates of pay are determined under different systems. Members of the uniformed services receive an adjustment to pay and allowances comparable to the General Schedule pay adjustment.

Under the Act, the President's pay agent (the Director of the Office of Management and Budget and the Chairman of the Civil Service Commission) report to the President on the adjustments needed in pay rates in order to achieve comparability with private sector rates. This year, the pay agent determined that an 8.66% increase would be appropriate to achieve comparability.

However, the President has authority under the Act to issue an alternative plan when he deems it necessary because of "national emergency or economic conditions affecting the general welfare." Any alternative plan is to be transmitted by the President to the Congress before September 1. Unless either House overrides an alternative plan by adopting a disapproval resolution, it goes into effect in October; if disapproved, the full comparability adjustment becomes effective on October 1.

The President recommended a 5% adjustment on the basis of an overriding commitment to all Americans to achieve national economic stability.

The President's alternative proposal of 5% would save some \$1.6 billion of the cost of comparability increase of 8.66% and thus operate to hold down the federal budget deficit and curtail inflation. Total costs of the 5% proposal would be approximately \$2 billion, which was anticipated in the President's budget.

Under recently enacted legislation, annual pay increases provided under the Act are also extended to judges, officials under the Executive salary schedule, Members of Congress and certain others, most of whom have not had a pay increase since March, 1969.

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