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THE WHITE HOUSEFACT SHEET

## REPORT OF THE PANEL ON FEDERAL COMPENSATION

The President today released the report of the Panel on Federal Compensation.

BACKGROUND

The Panel on Federal Compensation was appointed by President Ford on June 12, 1975. The Panel was to review the major Federal compensation systems and submit policy recommendations on changes needed to the President by November 1. The President later extended the Panel's assignment to December 1975.

MEMBERSHIP OF THE PANEL

Vice President Nelson A. Rockefeller was Chairman of the Panel on Federal Compensation, and Robert E. Hampton, Chairman of the Civil Service Commission, served as Vice Chairman. Other members of the Panel included John Dunlop, the Secretary of Labor; James T. Lynn, Director of the Office of Management and Budget; Michael H. Moskow, Director of the Council on Wage and Price Stability; and William Brehm, Assistant Secretary of Defense for Manpower and Reserve Affairs. Dr. T. Norman Hurd was Special Assistant to the Chairman and Robert R. Fredlund of the Department of the Treasury was Executive Director of the Panel.

The President designated as advisors to the Panel James M. Cannon, Executive Director of the Domestic Council; Alan Greenspan, Chairman of the Council of Economic Advisors; L. William Seidman, Assistant to the President for Economic Affairs; and Jerome M. Rosow, Chairman of the Advisory Committee on Federal Pay.

THE PANEL'S MAJOR RECOMMENDATIONS ARE:

1. The many separate Federal civilian pay systems should be reviewed, and combined with other pay systems or eliminated if no longer needed
2. The principle of comparability with the private sector should be reaffirmed as the basis for Federal pay-setting
3. Consideration should be given to conducting major Federal pay surveys less frequently than once a year, with interim adjustments based on an appropriate statistical indicator
4. The principle of comparability should be extended to include benefits as well as pay. Development and testing should take place over the next two years to determine the best approach to implementation
5. The present General Schedule, which covers white-collar employees, should be replaced by a Clerical/Technical Service and a Professional/Administrative/Managerial/Executive Service

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6. The Clerical/Technical Service should be paid local or other geographical rates
7. The executive branch should be authorized to establish special occupational schedules and personnel systems when the regular schedules hamper management's ability to recruit and manage a well-qualified workforce
8. Merit, rather than length of service, should be the principal basis for within-grade pay advancement for employees in the Professional/Administrative/Managerial/Executive Service
9. Pay rates for the Executive Schedule should be increased so that the rate for level V is above the current "comparability" rate for GS-18
10. Federal pay laws should be amended to permit the inclusion of State and local governments in Federal pay surveys when needed
11. The President's Agent should continue its effort to improve the statistical techniques used in the white-collar survey design and pay rate determination processes

Certain statutory provisions of the Federal Wage System should be repealed or amended to:

12. eliminate the requirement that out-of-area data be used, under certain circumstances, in setting local wage rates;
13. permit the establishment of night shift differentials in accordance with local prevailing practices;
14. permit step-rate structures to be established in accordance with predominant industry practice;
15. eliminate the fixed payline step; and
16. permit the inclusion of State and local governments in wage surveys when needed
17. The Civil Service Commission should develop appropriate legislative and regulatory proposals to provide more equitable premium compensation to all Federal employees working under similar circumstances
18. The President's Agent, the Federal Employees Pay Council, and the Advisory Committee on Federal Pay should meet jointly on a regular basis throughout the year to discuss and resolve the issues in the pay-setting process, with a view to formulating a common recommendation to the President
19. The present roles in the pay-setting processes of the Federal Wage System should be continued
20. The Advisory Committee on Federal Pay should be assigned the responsibility for an ongoing review of the interaction between the Federal compensation system and the private sector marketplace

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