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January 17, 1977

Office of the White House Press Secretary

THE WHITE HOUSE

TO THE CONGRESS OF THE UNITED STATES:

As a part of my fiscal year 1978 Budget, I am recommending a substantial increase in the level of compensation for members of the Federal Judiciary and the Congress as well as senior officials in the Executive Branch. I have been guided in this decision by the unanimous recommendation of the Commission on Executive, Legislative, and Judicial Salaries.

At the same time, I am also strongly endorsing the recommendation of the Commission that new and strengthened codes of conduct be adopted by each branch. Like the Commission, I would not recommend the salary increases if there is not a firm commitment to a new code of conduct.

I have personally discussed this matter with President-Elect Carter and he authorized me to say that he fully supports my recommendations concerning salary levels and the need for stronger codes of conduct for all three branches as recommended by the Commission. Thus, the Executive Branch has made the commitment to the improved code of conduct. I have also spoken to the Chief Justice of the United States and he too supports the recommendations of the Commission and is committed to the code of conduct principles outlined in the report.

If the Congress commits itself to adoption of the proposed code of conduct reforms, then I believe the Congress should permit their salary increases to take effect. This will not only restore public confidence in national leaders, but it will permit the country to be able to attract the most qualified citizens to these important posts.

Congress enacted in 1967 the current procedure which provides for a special Commission on Executive, Legislative, and Judicial Salaries to be established every four years. This Quadrennial Commission reviewed the rates of pay for the Executive Schedule and for positions at comparable levels in the Legislative and Judicial Branches and submitted recommended changes to me. I am required to include my recommendations in the next annual Budget transmitted after the Commission makes its report. These proposed rates go into effect a month later if neither the Senate nor the House disapproves.

The last increase occurred in 1969. Quadrennial adjustments proposed by the President in 1974 were denied by the Senate. Except for a 5% adjustment enacted in 1975, salaries of senior officials in the Executive, Legislative and Judicial Branches have been frozen for nearly eight years. This year's Quadrennial Commission, chaired by former Commerce Secretary Peter G. Peterson, has documented the serious problems in keeping and recruiting qualified officials.

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There is also a related problem of salary compression for some Civil Service employees. Most grades of the General Schedule have continued to rise annually as a result of the upward pressure of private salary rates. But under current law no Civil Service employee can be paid more than the statutory pay rate for Executive Level V. Consequently, all senior Civil Service employees in grades GS-16 through 18 and many at the upper levels of GS-15 have reached this ceiling, so that five different levels of officials in the Executive Branch now are paid at much the same rate.

Many of the same problems apply to the Judicial and Legislative Branches. As a result of frozen compensation schedules, a number of Federal Judges have left the bench to return to private law practice, and the Chief Justice has reported to me that others are planning to do so. This represents an alarming loss of talent and experience.

The Quadrennial Commission determined that a 50% increase in Executive, Legislative, and Judicial pay would have been justified by economic indicators. However, the Commission members concluded that direct pay comparisons with the private sector are neither feasible nor appropriate for most of the positions covered by their report, and they recommend what they believed to be the minimum increases necessary to attract and retain the best qualified individuals for these positions. Nevertheless, I have somewhat reduced the amount of salary increases recommended by the Commission. I believe the levels contained in the Budget I am submitting to the Congress today, represents the proper balance between the need for higher levels of compensation and my determination that not one cent of the taxpayer's money should be spent unnecessarily.

The Commission's proposals for salary increases were coupled with recommendations for new "Codes of Public Conduct" in the three separate branches of Government. These would provide full public disclosure of each official's financial affairs, place tight restrictions on other earned income, apply strict conflict of interest provisions upon investments, tighten up expense allowances, place reasonable restrictions on post-service employment and provide vigorous and consistent auditing. In effect, the Commission thus recommends providing higher salaries in exchange for limitations upon other forms of income that give rise to questions concerning ethics or conflicts of interest.

In order to demonstrate a firm commitment to the code of conduct reforms, I urge each House of the Congress to take positive action -- such as adoption of a resolution -- supporting the code within the thirty-day period available to reject the proposed salary increases. I commend the leadership shown thus far by both Houses in moving toward code of conduct reforms and I am confident that the principles stated in the Commission's report will be adopted.

GERALD R. FORD

THE WHITE HOUSE,

January 17, 1977.

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