

[12/23/80-Not Submitted-DF]

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WASHINGTON

DATE: 23 DEC 80

FOR ACTION: LLOYD CUTLER *attached*

STU EIZENSTAT *attached*

JACK WATSON
hold for SW

INFO ONLY: THE VICE PRESIDENT

FRANK MOORE

SUBJECT: MCINTYRE MEMO RE RECOMMENDATIONS ON INCREASED EXECUTIVE,
LEGISLATIVE AND JUDICIAL SALARIES

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+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +

+ BY: 1200 PM MONDAY 29 DEC 80 +

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ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

Str / David

may comment

Tues afternoon

	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	FOR APPROPRIATE HANDLING
	LAST DAY FOR ACTION

ACTION
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
	JORDAN
	CUTLER
	DONOVAN
	EIDENBERG
	EIZENSTAT
	MCDONALD
	MOORE
	POWELL
	WATSON
	WEDDINGTON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE
	ANDRUS
	ASKEW
	BERGLAND
	BROWN
	CIVILETTI
	DUNCAN
	GOLDSCHMIDT
	HARRIS
	HUFSTEDLER
	LANDRIEU
	MARSHALL

	MILLER
	MUSKIE
	AIELLO
	BUTLER
	CAMPBELL
	H. CARTER
	CLOUGH
	FIRST LADY
	HARDEN
	HERTZBERG
	HUTCHESON
	KAHN
	MARTIN
	MILLER
	MOE
	MOSES
	PETERSON
	PRESS
	RECORDS
	SANDERS
	SHEPPARD
	SPETH
	STRAUSS
	TORRES
	VOORDE
	WISE



United States
**Office of
Personnel Management**

Washington, D.C. 20415

In Reply Refer To:

Your Reference:

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Executive Pay Increase

You have now received the report of the Commission on Executive, Legislative, and Judicial Salaries, and Public Law 90-206 requires you to include in your January budget message whatever new pay rates you believe are advisable for top officials in the three branches of the Government.

The Commission has recommended new pay rates that would generally represent about a 40 percent increase for Congress and the Executive Schedule; for Federal judges the increase would be somewhat smaller, since judges have just received an increase of more than 20 percent as a result of a Supreme Court decision. We believe these pay raises are fully justified by any reasonable measure, but we have some doubts as to their viability, or indeed, the viability of any pay increase under the quadrennial adjustment procedure in Public Law 90-206, as amended.

In 1977, after the sizeable executive pay raise recommended by President Ford took effect, Public Law 90-206 was amended. Under the previous law, the President's recommendations on new executive pay rates took effect automatically, unless Congress took action to block them. Under the new law, however, the pay rates cannot take effect unless both Houses of Congress vote their approval--and what is even more significant, there must be separate record votes on each category of pay rates, meaning the Senate and House will have to vote in favor of a pay raise for Congress alone, without the diversionary issue of the need for pay raises for the judiciary and for executive branch officials.

After the experience of the last few weeks, when Congress was unable to approve an increase of only 17 percent under a much less onerous procedure, we think it is almost inconceivable that Congress would approve a pay raise of any amount under the quadrennial procedure. This conviction has led us to search for some other way to provide some relief for the very serious problems the executive pay freeze is causing.

At the present time, the scheduled pay rates for Congress and the Executive Schedule are some 17 percent above what is actually paid, due to the latest of several appropriations restrictions that Congress has used to freeze executive pay for the last several years. Under this appropriations restriction, any increase in the scheduled pay rates under

the quadrennial procedure, even if approved by Congress, cannot be paid until June 5, 1981, when the current restriction expires, along with the rest of the continuing resolution in which it is included.

We believe that the simplest course of action for you to take, and the one most likely to be successful (although we must concede that even its chances are less than bright), would be for you to recommend no increase at all under the quadrennial procedure, but instead call in the strongest terms for Congress to repeal the current appropriations restriction and thus allow the 17 percent raise the present scheduled rates would provide. This could be done by a single vote in each House--thus avoiding the separate vote on Congress' pay alone--and by doing it early in the 97th Congress, much of the "sneaky" character of the recent effort in the dying days of the 96th Congress would be avoided.

We would be pleased to provide any assistance you may desire on this subject.



Jule M. Sugarman
Deputy Director



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

RH
B-199649

DEC 24 1980

The President
The White House

Dear Mr. President:

081811

Within the next few days, you will be transmitting your recommendations to the Congress on appropriate levels of compensation for the Vice President, Executive Level positions, Members of Congress, and members of the Judicial branch of Government. On December 15, 1980, the Commission on Executive, Legislative, and Judicial Salaries transmitted its report to you recommending salary increases for top Government officials. The Commission stated that the recommended salary increases were designed "to restore some of the purchasing power lost by those officials in recent years and to improve the recruitment and retention of highly qualified public servants." The General Accounting Office endorses the Commission's recommendations on salary levels and other compensation matters.

As Comptroller General, I have been concerned for some time over the inadequate salary levels provided to our top Federal managers. In my opinion, this is one of the most important issues facing Government today. Therefore, I urge your support of the Commission's salary recommendations.

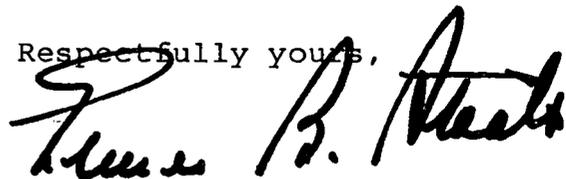
Recent action by the Congress to continue the present executive pay ceiling was only the latest in a series of setbacks over the years in the efforts to establish equitable pay levels for top Federal talent. The continuing denial and limitation of executive pay raises have created a serious compression problem as more and more employees receive the same salary despite wide differences in their responsibilities. The October 1980 General Schedule pay increase resulted in the top six steps of GS-15, as well as all GS-16s, 17s, and 18s and most members of the Senior Executive Service, receiving the same salary--\$50,112.50--despite wide variations in their levels of responsibility. If executive pay increases are not provided this year, the General Schedule increase next October could result in GS-14s reaching the salary ceiling.

We have long believed that pay distinctions should be maintained in keeping with work and performance distinctions. It simply is not logical for the top several levels of Federal employees to all receive the same salary. In this connection, in June 1978, we endorsed certain provisions of H.R. 11774, a bill to amend the Federal Salary Act of 1967 to require pay rate distinctions for different grades, steps, schedules, and levels under statutory pay systems. The bill would have created new pay ceilings for levels below GS-18 (and their equivalents) which would be progressively lower than the existing ceiling. Pay differentials would have been established by not granting the full comparability increases to employees in other GS levels. While the bill would certainly have created new impediments to comparability for employees who had not been affected before, it would have resulted in maintaining work and performance distinctions.

While we believe that providing both pay distinctions and adequate salary levels for all Federal employees are preferable, such a solution might not be possible as long as Federal pay (via the Executive Schedule) is linked to congressional salaries. Therefore, unless some relief is provided in the near future, I believe that the Government will have no alternative but to provide for salary ceilings at all grade levels. This could result in recruitment and retention problems at lower grade levels.

Therefore, I believe it is imperative that you favorably consider establishing adequate salary levels for top Government officials to resolve the present executive pay problem and to avoid an even greater Federal pay compression problem in the near future if the pay ceiling is applied to even lower grade levels.

Respectfully yours,

A handwritten signature in black ink, appearing to read "Thomas B. Heath". The signature is written in a cursive style with a large initial "T".

Comptroller General
of the United States

WASHINGTON

DATE: 23 DEC 90

FOR ACTION: LLOYD CUTLER

SEJ BIZENBART

JACK WATSON

to Rick Hutchison

LMC

(copy for LMC file)

INFO ONLY: THE VICE PRESIDENT

FRANK MOORE

SUBJECT: MCINPHEE MEMO RE RECOMMENDATIONS ON INCREASED EXECUTIVE,
LEGISLATIVE AND JUDICIAL SALARIES

+ RESPONSE DUE TO RICK HUTCHISON STAFF SECRETARY (456-7052) +
+ BY: 1200 PM MONDAY 20 DEC 90 +

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

I support Option IV and a break in linkage. In any event, I urge the full increase for judges for the reasons set forth in the proposed language for your recommendations at p. 7. The added cost for judges alone is infinitesimal. LMC

12/24

THE WHITE HOUSE
WASHINGTON

Quad memo

H Well

Bill Timmons & Ed deese

- Gov Reagan will support
OMTB recon