

Administration of Barack H. Obama, 2009

Letter to Congressional Leaders Transmitting an Alternative Plan for Pay Increases for Civilian Federal Employees

August 31, 2009

Dear Madam Speaker: (Mr. President:)

I am transmitting an alternative plan for pay increases for civilian Federal employees covered by the General Schedule (GS) and certain other pay systems in January 2010.

Under title 5, United States Code, civilian Federal employees covered by the GS and certain other pay systems would receive a two-part pay increase in January 2010: (1) a 2.4 percent across-the-board adjustment in scheduled rates of basic pay derived from Employment Cost Index data on changes in the wages and salaries of private industry workers, and (2) locality pay adjustments averaging 16.5 percent based on Bureau of Labor Statistics salary surveys of non-Federal employers in each locality pay area. According to the statutory formula, for Federal employees covered by the locality pay system, the overall average pay increase would be about 18.9 percent. This total Federal employee pay increase would cost about \$22.6 billion in fiscal year 2010 alone.

Title 5, United States Code, authorizes me to implement an alternative pay plan if I view the adjustments that would otherwise take effect as inappropriate due to "national emergency or serious economic conditions affecting the general welfare." For the reasons described below, I have determined that it is appropriate to exercise my statutory alternative plan authority to set an alternative January 2010 across-the-board pay increase. If needed, I will provide a plan for locality pay rates by the statutory deadline of November 30.

A national emergency, within the meaning of chapter 53 of title 5, has existed since September 11, 2001. Likewise, with unemployment at 9.5 percent in June to cite just one economic indicator, few would disagree that our country is facing serious economic conditions affecting the general welfare. The growth in Federal requirements is straining the Federal budget. Full statutory civilian pay increases costing \$22.6 billion in 2010 alone would put even more stress on our budget. Such an increase would cost \$19.9 billion more than the 2.0 percent overall Federal civilian pay increase that I proposed in my 2010 Budget and would build in later years.

Accordingly, I have determined that under the authority of section 5303(b) of title 5, United States Code, an across-the-board increase of 2.0 percent shall go into effect on the first day of the first applicable pay period beginning on or after January 1, 2010.

Finally, the law requires that I include in this report an assessment of the impact of my decision on the Government's ability to recruit and retain well-qualified employees. I do not believe this decision will materially affect our ability to continue to attract and retain a quality Federal workforce. To the contrary, since any pay raise above the amount proposed in this alternative plan would likely be unfunded, agencies would have to absorb the additional cost and could have to reduce hiring to pay the higher rates. Moreover, the GS "quit" rate continues to be very low (2.1 percent on an annual basis), well below the overall average "quit" rate in private enterprise. Should the need arise, the Government has many compensation flexibilities, such as recruitment and retention incentives, and special salary rates, to maintain the high quality workforce that serves our Nation.

Sincerely,

BARACK OBAMA

NOTE: Identical letters were sent to Nancy Pelosi, Speaker of the House of Representatives, and Joe Biden, President of the Senate.

Categories: Communications to Congress : Federal employees, pay increases, letter transmitting alternative plan.

Subjects: Government organization and employees : Pay increases.

DCPD Number: DCPD200900673.