

all Israelis will enjoy the security they deserve. That day is coming. The day is coming when the terrorists and extremists who threaten the Israeli and Palestinian people will be marginalized and eventually defeated. And when that day comes, future generations will look to the work we began here at Annapolis. They will give thanks to the leaders who gathered on the banks of the Chesapeake for their vision, their wisdom, and courage to choose a future of freedom and peace.

Thanks for coming. May God bless their work.

NOTE: The President spoke at 11:04 a.m. in Memorial Hall at the U.S. Naval Academy. In his remarks, he referred to Prime Minister Ehud Olmert of Israel; President Mahmoud Abbas and Prime Minister Salam Fayyad of the Palestinian Authority; Secretary-General Ban Ki-moon of the United Nations; and former Prime Minister Tony Blair of the United Kingdom, Quartet Representative in the Middle East.

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

November 27, 2007

Dear Madam Speaker: (Dear Mr. President:)

I am transmitting an alternative plan for locality pay increases payable to civilian Federal employees covered by the General Schedule (GS) and certain other pay systems in January 2008.

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 2008: (1) a 2.5 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 12.5 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 15.0 percent.

Title 5, United States Code, authorizes me to implement an alternative locality 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 alternative January 2008 locality pay increases.

A national emergency, within the meaning of chapter 53 of title 5, has existed since September 11, 2001. Full statutory civilian pay increases would cost \$16.4 billion in 2008 alone. That amount exceeds by \$12.7 billion the cost of a 3.0 percent overall Federal civilian pay increase that I proposed in my 2008 Budget. Furthermore, the costs would grow at compounded rates in subsequent years. Such cost increases would force deep cuts in discretionary spending or Federal employment to stay within budget. Either outcome would unacceptably interfere with our Nation's ability to secure the homeland and pursue the war on terrorism.

Accordingly, I have determined that under the authority of section 5304a of title 5, United States Code, locality-based comparability payments for the locality pay areas established by the President's Pay

Agent, in the amounts set forth in the attached table, shall become effective on the first day of the first applicable pay period beginning on or after January 1, 2008. When compared with the payments currently in effect, these comparability payments will increase the General Schedule payroll by about 0.5 percent. When combined with the 2.5 percent across-the-board increase, the 3.0 percent total increase equals the 12-month increase in overall nationwide labor costs as of September 2006 (the reference period for decisions about the January 2008 pay adjustment under current law). Our national situation precludes granting larger locality pay increases at this time.

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 work-

force. 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 freeze 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 special salary rates and recruitment and retention incentives, to maintain the high quality workforce that serves our Nation.

Sincerely,

GEORGE W. BUSH

NOTE: Identical letters were sent to Nancy Pelosi, Speaker of the House of Representatives, and Richard B. Cheney, President of the Senate. This letter was released by the Office of the Press Secretary on November 28.

Remarks Following Meetings With Prime Minister Ehud Olmert of Israel and President Mahmoud Abbas of the Palestinian Authority

November 28, 2007

Mr. Prime Minister, thank you; Mr. President—a series of successful meetings today with these leaders. Yesterday was an important day, and it was a hopeful beginning. No matter how important yesterday was, it's not nearly as important as tomorrow and the days beyond.

I appreciate the commitment of these leaders to working hard to achieve peace. I wouldn't be standing here if I didn't believe that peace was possible, and they wouldn't be here either if they didn't think peace was possible.

It's very important for the international community to support these two leaders during the bilateral negotiations that will take place. And one thing I've assured both

gentlemen is that the United States will be actively engaged in the process; that we will use our power to help you as you come up with the necessary decisions to lay out a Palestinian state that will live side by side in peace with Israel.

And so I wish you all the best. I appreciate your courage and leadership. It's an honor to call you friends. And it's an honor to have watched you yesterday as you laid out your respective visions for something we all want, which is peace in the Holy Land.

Thank you very much.

NOTE: The President spoke at 2:04 p.m. in the Rose Garden at the White House.