THE WHITE HOUSE
WASHINGTON

Postal Reform

March 10, 1970

TO: CHUCK COLSON

FROM: HENRY C. CASHEN II

SUBJECT: Executive Order 2531

Attached for your review is a memorandum from the Post Office Department which is self-explanatory, but with which I do not agree. At your convenience, I would appreciate any thoughts that you might have on the subject.

Many thanks.

FEB 28 1970

THE GENERAL COUNSEL
POST OFFICE DEPARTMENT
WASHINGTON, D. C. 20260

February 26, 1970

PERSONAL

MEMORANDUM FOR: JOHN EHRLICHMAN

FROM: David A. Nelson D.A.N.

SUBJECT: Executive Order 2531

Executive Order 2531 (a copy of which is attached) directs that appointments to the Postal Inspection force "be apportioned fairly between the political parties."

Prospective Postal Inspectors have heretofore been required to disclose their political affiliations. While the rules of the Civil Service Commission contain a general prohibition against making such inquiries, the Department has never treated this prohibition as applying to the Postal Inspection Service.

The Postmaster General has concluded that the purposes of Executive Order 2531 can best be served by selecting postal inspectors solely on the basis of merit, without making any inquiry into their political affiliations. This procedure should automatically result in a fair apportionment between the political parties, without creating the impression that political considerations have played a part in the selection or rejection of applicants for postal inspector positions.

Were the postal reform legislation not pending, the Postmaster General would recommend that Executive Order 2531 be rescinded. He is not making such a recommendation at this time because of the possibility that misconstruction of his motives might prejudice our efforts on the reform front. He has, however, asked me to let you know that he is abandoning political inquiries in the recruitment and appointment of postal inspectors.

Attachment

cc: Postmaster General
Chief Postal Inspector
Asst. PMG Kenneth Housman

Executive Order

Hereafter, in filling vacancies in the force of post office inspectors, the Postmaster General shall apportion them by States, based as nearly as possible upon population as determined by the last decennial census. The force shall also be apportioned fairly between the political parties and advancement in the service shall be based upon merit.

WOODROW WILSON

THE WHITE HOUSE,
16 February, 1917.

[No. 2531.]

According to National Archives Official records, E.O. 2531, dated Feb. 16, 1917, has not been amended and is still in effect.
D.C.
11/10/65

National Archives Official record of E.O.s —
Code 13 X 36321

Postal Reform

March 7, 1970

Murray,

This thing is sufficiently sensitive that I hope you do not leave it around.

I have been very candid, to say the least. What I am concerned with, however, is loyalty to the President.

I also thought you might like to see a copy of a letter Jim Rademacher sent me awhile back.

Chuck Colson

NIXON PRESIDENTIAL MATERIALS PROJECT
DOCUMENT CONTROL RECORD

ITEM REMOVED FROM THIS FILE FOLDER

Restricted document has been removed. See document entry number 1 on Document Withdrawal Record (GSA Form 7279) or NARS Withdrawal Sheet (GSA Form 7122), located in the front of this folder, for a description of the item and an explanation for its removal.

NIXON PRESIDENTIAL MATERIALS PROJECT
DOCUMENT CONTROL RECORD

ITEM REMOVED FROM THIS FILE FOLDER

Restricted document has been removed. See document entry number 2 on Document Withdrawal Record (GSA Form 7279) or NARS Withdrawal Sheet (GSA Form 7122), located in the front of this folder, for a description of the item and an explanation for its removal.

NATIONAL ARCHIVES AND RECORDS SERVICE NLN Form 101 (6-79)

DETERMINED TO BE AN
ADMINISTRATIVE MARKING
E.O. 12065, Section 6-102
By [illegible] NARS, Date 9/11/80

February 18, 1970

CONFIDENTIAL

TO: KEN COLE

FROM: HENRY C. CASHEN II

SUBJECT: President's request for comments on Postmaster General Blount's recent statements concerning the postal legislation

LOG NO. P237

With respect to the captioned subject, the Joe Young article of January 27 in the Washington Star is more or less a dead issue at this time. (See my memo to the President dated February 10 on the same subject).

Answering the President's question, "Is Blount playing a different game?", he was at that time and was unwilling to commit his position with respect to pay comparability and compression, even though the President had made the decision in the 1971 budget. However, as a result of subsequent meetings, the Administration and the Post Office Department are in complete agreement and Chairman Dulski has promised that a bill will be reported out of the House Post Office and Civil Service Committee sometime next week.

THE WHITE HOUSE

WASHINGTON

ACTION MEMORANDUM

LOG NO.: P237

Date: Wednesday, February 11, 1970

Time: 2:00 p.m.

FOR ACTION: ~~J. Ehrlichman~~ Cashen

cc (for information):

FROM THE STAFF SECRETARY

DUE: Date: Friday, February 20, 1970 Time: 2:00 p.m.

SUBJECT:

President's request for your comments on Postmaster General Blount's recent statements concerning the postal legislation.

ACTION REQUESTED:

X For Necessary Action

___ For Your Recommendations

___ Prepare Agenda and Brief

___ Draft Reply

___ For Your Comments

___ Draft Remarks

REMARKS:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

JRB

K. R. COLE, JR.
For the President

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

February 10, 1970

MEMORANDUM FOR JOHN EHRLICHMAN

Joseph Young reported in the January 27 issue of the Washington Star that key GOP members of the House Post Office and Civil Service Committees met with Postmaster General Blount and came away more confused about whether the Administration intends to make concessions to the postal unions in return for the desired modified corporation plan. Blount gave no indication the Administration would support a pay-raise or faster in-grade raises as was expected. Blount's position seemed to support Congressman Cunningham's measure which does not include the safeguards and liberalization which the unions were led to believe would be included. It is reported that the White House went over Blount's head to make the concessions, but a White House official said he knew nothing of the promises attributed to the President, "leaving the GOP legislation completely at sin".

On reading the above the President posed the following question. "Is Blount playing a different game?"

Please submit your comments to the Office of the Staff Secretary.

Thank you.

JRB
JOHN R. BROWN III

Confidential

THE GENERAL COUNSEL
POST OFFICE DEPARTMENT
WASHINGTON, D. C. 20260

February 6, 1970

MEMORANDUM FOR: Henry C. Cashen, II

FROM: David A. Nelson

SUBJECT: Postal Reform

I think your February 5th memo to Bryce Harlow is splendid, subject to two qualifications:

1. We should make it crystal clear that except as otherwise agreed, the exact language of H. R. 15430 is to be followed; and

2. We cannot live with a bill under which postal employees would actually retain "Civil Service status." Both Mr. Dulski and Mr. Corbett should understand that we are not proposing a delegation of authority from the Civil Service Commission to the Postal Service, and that while we can accept either H.R. 15430 or H.R. 11750, neither bill would give postal employees "Civil Service status" in a technical sense.

D.A.N.

David A. Nelson

cc: Mr. Ehrlichman
Mr. Harlow
Mr. Colson

February 5, 1970

TO: BRYCE HARLOW

FROM: HENRY C. CASHEN II and CHARLES W. COLSON

SUBJECT: Points of Agreement with Respect to Postal Reform-Re Meeting with Chairman Dulski and Congressman Corbett

(1) Two-step pay increase for postal field service employees, retroactive January 1, 1970.

(2) The Members of Congress who sit on the Executive Council would not be entitled to a vote on any matter before the Council. (There is a Constitutional question with respect to giving Members of Congress a vote on the Council).

(3) Postal rate changes would become final 60 days after publication of a final decision by the Presidentially appointed members of the Executive Council, unless both houses of Congress adopted a concurrent resolution disapproving the change.

(4) The authority would commence operation one year after enactment.

(5) The Executive Council may hire executives on long term employment contracts when necessary. Notwithstanding any such contract, the Executive Council may at its discretion and at any time remove any executive employee.

(6) The transportation section of the bill would be as accepted by the House Committee in markup of H. R. 4.

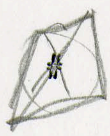
(7) Legislation to be silent on the matter of whether Executive Order 10988 or 11491 applies to labor management relations. Accordingly, Executive Order 11491 would be applicable to the Post Office Department during the transition period.

(8) With respect to compression, the legislative history accompanying the bill would include the following language:

> "Under the current pay structure, it takes 21 years for most postal employees to reach the top pay level within grade. The Committee believes that this period is too long, and, unless otherwise agreed by collective bargaining, the pay scales or graduated schedules of compensation that are to be established for employees of the Authority who are in collective bargaining units should provide, effective not later than 4 years after the date on which the Authority commences operations, that the maximum period of continuous service thereafter required for an employee to reach the highest rate in whatever labor grade might have been established for him would not exceed 8 years."

(9) With respect to comparability, postal field service employees would be treated exactly the same as employees in the general schedule. The 1971 Administration Budget provides for a comparability increase of 5.7% effective January 1, 1971, and applicable to postal field service employees.

(10) Postal employees would retain Civil Service rights and status, administration to be delegated to the Postal Authority: benefits could not be reduced unless bilaterally bargained away.



THE GENERAL COUNSEL
POST OFFICE DEPARTMENT
WASHINGTON, D. C. 20260

January 31, 1970

MEMORANDUM

ADMINISTRATIVELY CONFIDENTIAL

FOR: BRYCE HARLOW

FROM: DAVID NELSON

SUBJECT: FRINGE BENEFITS UNDER THE POSTAL REFORM LEGISLATION

H.R. 11750, the postal reform bill submitted by the Administration last May, provided that pay scales, fringe benefits and other terms and conditions of employment applicable to postal employees immediately prior to the commencement of operations by the new Postal Service would continue to be applicable until changed by the management of the new organization. For employees in collective bargaining units, any such change could only be made through the collective bargaining process. The bill also provided that any change in the package of fringe benefits consisting of workmen's compensation, health insurance, life insurance and unemployment compensation could not be "less favorable to the employees" than the package they now have under existing law. A copy of the provision in question, 39 U.S.C. 803(c) as contained in Section 2 of H.R. 11750, is attached as Enclosure 1.

As you may recall, H.R. 11750 also provided that postal employees would, by law, remain under the Civil Service Retirement System, but postal management was left free to institute a program of supplemental retirement benefits. Any such supplemental program would, of course, be subject to collective bargaining.

In a statement before the House Post Office and Civil Service Committee on August 12, 1969, the Postmaster General compared the probable development of fringe benefits for postal employees under the collective bargaining process with the development of fringe benefits for other Government employees under the legislative process, and testified that:

> "It is extremely unlikely that postal management would propose that any of these benefits for its employees be permitted to fall behind those enjoyed by the civil service, and it is inconceivable that the unions representing these employees would allow it to happen." (p. 1198 of the House Hearings).

In the Senate Hearings, similarly, the Postmaster General testified as follows on October 28, 1969:

> "On being transferred to the new Postal Service, postal employees would receive exactly the same wages and would have exactly the same benefits that they enjoyed before, except that such wages and benefits could be <u>improved</u> without an act of Congress." (p. 539 of the Senate Hearings; underscoring supplied).

These statements would, of course, be brought to the attention of an arbitration board if the management of the Postal Service ever attempted, in the collective bargaining process, to <u>reduce</u> the level of any benefits not protected by law under H. R. 11750. There is virtually no chance, in our judgment, that an arbitration board would ever permit the level of wages and benefits for employees of the new Postal Service to fall below the level that postal employees had enjoyed while they were under the Civil Service system.

While the provisions of H. R. 11750 were extremely favorable to the employees, as far as fringe benefits are concerned, the union leaders had some apprehension about bargaining over fringe benefits in the initial contract negotiations. Because of this, and because Mr. Rademacher and the Department had agreed that collective bargaining contracts should have a minimum term of two years, the compromise postal reform/postal pay bill (H. R. 15430) provides that no change in the statutory package of fringe benefits consisting of workmen's compensation, health insurance, life insurance and unemployment compensation can become effective through collective bargaining prior to January 1, 1973, when the first two-year collective bargaining agreement can be expected to expire. Moreover, the compromise bill provides that wages established by the collective bargaining agreement becoming effective on January 2, 1971, shall not be less than the wages that would have been provided by the statutes applicable to postal employees prior to enactment of the bill. It also provides that fringe benefits in effect on December 31, 1970, may not be changed through the collective bargaining process prior to January 1, 1973. See 39 U.S.C. 803(c), as contained in Section 102 of H.R. 15430, and Section 111(b) of H.R. 15430, copies of which are attached as Enclosures 2 and 2A.

While the Department is prepared to follow either the route laid out in H.R. 11750 or the route laid out in H.R. 15430, as far as fringe benefits are concerned, we would find it awkward to travel both routes simultaneously.

D.A.N.

David A. Nelson

cc: Mr. Colson
Mr. Cashen

ENCLOSURE 1 - 39 U.S.C. 803(c), as contained in Sec. 2 of H.R. 11750

ment of operations of the Postal Service shall be obligations of the Postal Service pursuant to the provisions of this chapter.

"(c) Compensation, benefits, and other terms and conditions of employment applicable to such employees immediately preceding their becoming employees of the Postal Service whether provided by statute, or by rules and regulations of the Post Office Department or the executive branch of the Government will continue to apply to employees of the Postal Service until changed by the Postal Service. However, any changes in compensation, benefits and other terms and conditions of employment shall be subject to the terms of sections 804–808 of this title. Subject to the provisions of section 806 of this title, the provisions of subchapter 1 of chapter 81, subchapter 1 of chapter 85, and chapters 87 and 89 of title 5, shall apply to employees of the Postal Service unless varied, added to, or substituted for pursuant to this subsection. No such variation, addition, or substitution shall result in a program which, on the whole is less favorable to the employees thereunder than the provisions of such chapters.

"(d) Any employee of the United States Post Office Department on the effective date of this section shall be for a period of one year eligible to transfer, at the same or a higher

ENCLOSURE 2 - 39 U.S.C. 308(c) as contained in Sec. 102 of H.R. 15430

"(c) Compensation, benefits, and other terms and conditions of employment applicable to such employees immediately preceding their becoming employees of the Authority, whether provided by statute or by rules and regulations of the Post Office Department or the executive branch of the Government, will continue to apply to employees of the Authority, until changed by the Authority. However, any changes in compensation, benefits and other terms and conditions of employment shall be subject to the terms of sections 804–808 of this title. Subject to the provisions of section 806 of this title, the provisions of subchapter 1 of chapter 81, subchapter 1 of chapter 85, and chapters 87 and 89 of title 5, shall apply to employees of the Authority, unless varied, added to, or substituted for pursuant to this subsection. No such variation, addition, or substitution shall become effective prior to January 1, 1973.

mainder of the title shall not be affected thereby; and if any other part of this Act is held to be invalid the remainder of the Act shall not be affected thereby.

TRANSITIONAL COLLECTIVE BARGAINING AGREEMENTS

SEC. 111. (a) On or before October 1, 1970 the Post Office Department and the designated collective bargaining representatives of its employees shall commence bargaining over wages to be paid employees of the Post Office Department and the Postal Service Authority commencing January 2, 1971. In the event the parties fail to reach an agreement by December 31, 1970, the provisions of sections 809 (c)-(d) of title 39, United States Code as enacted by section 102 of this Act shall be applied.

(b) Wages established by collective bargaining or arbitration pursuant to this section shall not be less than those which would have been provided by laws applicable to employees of the Post Office Department enacted prior to the effective date of this section had those laws remained applicable to such employees. Fringe benefits in effect on December 31, 1970, shall not be changed prior to January 1, 1973.

(c) Wages and other matters covered by collective bargaining agreements negotiated pursuant to this section or which are the subject of an arbitration decision shall be applicable to employment in the Post Office Department and

Colson
Harlow
PMG

January 29, 1970

MEMORANDUM FOR JOHN EHRLICHMAN

FROM: CHUCK COLSON

If we do not accept the Postal/Pay Reform compromise, we can expect that HR13000 will be very shortly sent to the President. It is only the existence of the Postal Pay/Reform package which is bottling up HR13000 in the conference.

The following tabulation might be useful in evaluating our options and particularly in considering the consequences if we now abandon the Pay/Reform proposal:

COST COMPARISON:

The Reform/Pay Plan and the Administration's Comparability Recommendations

Fiscal Year	1970	$175 million
Fiscal Year	1971	$1.4 billion *

HR13000 - Senate Version

Fiscal Year	1970	$700 million
Fiscal Year	1971	$2.8 billion

HR13000 - House Version

Fiscal Year	1970	$900 million
Fiscal Year	1971	$3.4 billion

Obviously, if HR13000 comes to us the net cost will be somewhere between the Senate and House versions.

It should be noted that the Pay Act of 1962 contemplates treating all Federal employees alike. (This is legally distinguishable from the two step increase in the reform plan.)

* Assumes January 1, 1971 date as recommended in the budget. This is probably not realistic.

The attached memorandum from Bob Hampton shows a pay line comparability analysis at Level 5, which after the 5.7% that will be recommended will be $971. Prior to the recommended 5.7% increase, the disparity is $1361 or approximately 20% of Step 4 in Level 5. This is a real problem in the classified service where the average employee is at Step 4. Our comparability recommendations will not come anywhere near closing the gap. In the postal service, however, the average employee is at Level 8, which after the comparability increase will put him within $80 of the civilian comparability level. The comparability rate will, therefore, make the postal employees whole. Since the BLS formula, however, compares Step 4 the unions will try to argue that there is the 20% disparity. In fact, there is not but this does create a political problem, which we obviously must counter.

It also points out what is really wrong with the BLS system. We should also be prepared for a tremendous outburst from the Government employees, who may have a very legitimate argument -- but this is another matter.

UNITED STATES CIVIL SERVICE COMMISSION

WASHINGTON, D.C. 20415

CHAIRMAN

JAN 28 1970

MEMORANDUM FOR CHARLES W. COLSON
Special Counsel to the President

In accordance with our conversation, I am setting forth in this memorandum the steps that must be taken in connection with the salary comparability review which must be made under the provisions of chapter 53 of title 5, United States Code.

The Chairman of the Civil Service Commission and the Director of the Bureau of the Budget (who are designated as the President's agents by Executive Order 11073) must

- provide unions with findings of the Bureau of Labor Statistics with respect to private enterprise salaries, and with the methods and results of the comparison between industry and Federal salaries;

- receive and consider union views;

- obtain and consider recommendations from Post Office, State and Veterans Administration; and

- submit to the President their report comparing private industry salaries with Federal salaries (i. e., General Schedule, Postal Field Service Schedule, Foreign Service Schedules and the schedules for doctors, dentists, and nurses in the Department of Medicine and Surgery of the Veterans Administration). This report must include the views of the unions and the recommendations of the Postmaster General, the Secretary of State and the Administrator of Veterans Affairs.

The CSC/BoB staffs have made the comparison between industry salaries and Federal salaries on the basis of the 1969 BLS survey. Table 1 attached shows the 1968 and 1969 BLS private enterprise salary averages with the percent increase by grade level. While the average increase was 5.75 percent, the increase at the important GS-5 level, the level to which postal clerk and letter carrier rates are linked, increased 7.05 percent. When a payline is constructed which not only reflects the increased industry salaries but also provides suitable pay distinctions between grades, the increase over current rates comes to about 5.75 at all grades above GS-1. See table 2 attached.

(At the GS-5/PFS-5 level the payline rate last year was $824 less than the private enterprise average at that grade. This year's results will actually increase this gap to $971. The size of this gap is the critical issue in the union attack which can be expected this year as last on the comparability process.)

The President is required by law to send annually to the Congress a report which compares the rates fixed by statute for the four statutory pay systems (GS, PFS, Foreign Service, and VA/DM&S) with rates of pay paid for the same levels of work in private industry as determined on the basis of the Bureau of Labor Statistics Survey. Since 1962, this report has included the Joint Report made by the Director of the Bureau of the Budget and the Chairman of the Civil Service Commission.

The President's report to the Congress is also to contain "such recommendations for revision of statutory pay schedules, pay structures, and pay policy, as he considers advisable." This leaves the President a wide area of discretion. For example he could recommend that the comparability increase not be applied to postal schedules on the grounds that the salaries for postal employees in the future should be fixed by negotiations between the unions and postal management.

REH

Robert E. Hampton
Chairman

Attachments

If you have any questions please call. —

Table 1

Rise in Private Enterprise Rates, From 1968 to 1969

Grade	Occupation	1968	1969	Percent Increase
GS-1	File clerk I	$ 3,674	$ 3,883	
	Office boys or girls	4,011	4,279	
	Average	3,843	4,081	6.19%
GS-2	File clerk II	4,110	4,328	
	Keypunch operator I	4,566	4,797	
	Switchboard operator I	4,587	4,822	
	Tabulating machine operator I	4,702	5,021	
	Typist I	4,206	4,451	
	Average	4,434	4,684	5.64%
GS-3	Engineering technician I	5,585	5,942	
	Draftsman-tracer	4,951	5,301	
	Accounting clerk I	4,708	4,941	
	File clerk III	5,055	5,320	
	Keypunch operator II	5,189	5,482	
	Stenographer, general	4,861	5,192	
	Switchboard operator II	5,445	5,689	
	Tabulating machine operator II	5,779	6,060	
	Typist II	4,890	5,155	
	Average	5,163	5,454	5.64%
GS-4	Engineering technician II	6,661	7,011	
	Draftsman I	6,110	6,454	
	Accounting clerk II	6,179	6,448	
	Secretary I	5,563	5,869	
	Stenographer, senior	5,614	5,884	
	Tabulating machine operator III	7,008	7,371	
	Average	6,189	6,506	5.12%
GS-5	Accountant I	7,451	8,002	
	Auditor I	7,645	8,367	
	Job analyst I	... 1/	8,137	
	Chemist I	8,061	8,736	
	Engineer I	9,023	9,662	
	Engineering technician III	7,596	8,040	
	Draftsman II	7,548	7,988	
	Buyer I	7,344	7,877	
	Secretary II	6,272	6,586	
	Average	7,618	8,155	7.05%
GS-6	Secretary III	6,692	7,032	
GS-7	Accountant II	8,277	9,013	
	Auditor II	8,707	9,287	
	Attorney I	9,338	... 2/	
	Job analyst II	8,820	9,081	
	Chemist II	8,931	9,626	
	Engineer II	9,771	10,455	
	Engineering technician IV	8,767	9,300	
	Draftsman III	9,233	9,755	
	Buyer II	8,660	9,269	
	Secretary IV	7,271	7,697	
	Average	8,778	9,276	5.67%

Grade	Occupation	1968	1969	Percent Increase
GS-9	Accountant III	$ 9,367	$ 10,029	
	Auditor III	9,977	10,726	
	Attorney I	10,293	11,020	
	Job analyst III	10,401	10,595	
	Chemist III	10,187	11,063	
	Engineer III	10,963	11,701	
	Engineering technician V	9,788	10,321	
	Buyer III	10,260	10,942	
	Average	10,155	10,800	6.35%
GS-11	Accountant IV	11,273	11,967	
	Auditor IV	12,303	13,125	
	Chief accountant I	12,289	13,212	
	Attorney II	12,602	12,780	
	Job analyst IV	12,577	12,830	
	Director of personnel I	11,029	11,847	
	Chemist IV	12,751	13,359	
	Engineer IV	13,095	13,893	
	Buyer IV	12,431	13,151	
	Average	12,261	12,907	5.27%
GS-12	Accountant V	13,531	14,373	
	Chief accountant II	14,135	14,637	
	Attorney III	15,283	15,879	
	Director of personnel II	13,215	13,925	
	Chemist V	15,263	16,080	
	Engineer V	15,223	16,107	
	Average	14,442	15,167	5.02%
GS-13	Chief accountant III	16,577	17,714	
	Attorney IV	17,936	19,163	
	Director of personnel III	16,005	16,738	
	Chemist VI	17,324	18,529	
	Engineer VI	17,361	18,577	
	Average	17,041	18,144	6.47%
GS-14	Chief accountant IV	19,046	20,586	
	Attorney V	22,152	23,685	
	Director of personnel IV	19,715	20,585	
	Chemist VII	20,561	22,473	
	Engineer VII	20,216	21,199	
	Average	20,338	21,706	6.73%
GS-15	Attorney VI	28,841	29,421	
	Chemist VIII	25,416	27,092	
	Engineer VIII	23,280	24,020	
	Average	25,846	26,844	3.86%
			Overall	5.75%

1/ Data did not meet BLS publication criteria.

2/ Change in standard made GS-9 the entry level for attorney.

Table 2

Comparison of Comparability Payline Fitted to 1969 Private

Enterprise Rates with Current General Schedule Rates

Grade	1969 Private Enterprise Averages	Comparability Payline Intergrade Differentials		Comparability Payline Rates	Current Fourth Rates	Increases Needed Dollars	Increases Needed Percent
GS- 1	$ 4,081			$ 4,479	$ 4,279	$ 200	4.67%
2	4,684	13.2%		5,070	4,795	275	5.74
3	5,454		27.7%	5,720	5,409	311	5.75
4	6,506	12.3		6,424	6,074	350	5.76
5	8,155		25.6	7,184	6,794	390	5.74
6		11.4		8,003	7,569	434	5.73
7	9,276		23.7	8,887	8,404	483	5.75
8		10.6		9,829	9,295	534	5.75
9	10,800		22.0	10,842	10,253	589	5.74
10		10.0		11,926	11,278	648	5.75
11	12,907		20.5	13,065	12,355	710	5.75
12	15,167		19.2	15,573	14,727	846	5.74
13	18,144		18.1	18,392	17,393	999	5.74
14	21,706		17.2	21,555	20,385	1,170	5.74
15	26,844		16.5	25,112	23,749	1,363	5.74
16			16.0	29,130	27,549	1,581	5.74
17			15.7	33,703	31,874	1,829	5.74
18			15.6	35,418 1/	33,495 2/	1,923	5.74

1/ Single (entry) rate. Payline rate is $38,961.

2/ Single (entry) rate. Fourth rate would be $36,846.

Estimated Cost of H. R. 13000, Senate Version and House Version
(Includes cost of military pay raises as well as civilian)

SENATE VERSION

For Fiscal Year 1970 -- about $0.7 Billion

For Fiscal Year 1971 -- about $2.8 Billion

HOUSE VERSION

For Fiscal Year 1970 -- about $0.9 Billion
(Assumes an April 1, 1970 pay adjustment
of. 5.75%)

For Fiscal Year 1971 -- about $3.4 Billion
(Assumes an April 1, 1971 pay adjustment
of 5.75%)

No Cost Projected on Accelerated Step Increases

UNITED STATES CIVIL SERVICE COMMISSION
WASHINGTON, D.C. 20415

CHAIRMAN

JAN 28 1970

MEMORANDUM FOR CHARLES W. COLSON
Special Counsel to the President

In accordance with our conversation, I am setting forth in this memorandum the steps that must be taken in connection with the salary comparability review which must be made under the provisions of chapter 53 of title 5, United States Code.

The Chairman of the Civil Service Commission and the Director of the Bureau of the Budget (who are designated as the President's agents by Executive Order 11073) must

- provide unions with findings of the Bureau of Labor Statistics with respect to private enterprise salaries, and with the methods and results of the comparison between industry and Federal salaries;

- receive and consider union views;

- obtain and consider recommendations from Post Office, State and Veterans Administration; and

- submit to the President their report comparing private industry salaries with Federal salaries (i. e., General Schedule, Postal Field Service Schedule, Foreign Service Schedules and the schedules for doctors, dentists, and nurses in the Department of Medicine and Surgery of the Veterans Administration). This report must include the views of the unions and the recommendations of the Postmaster General, the Secretary of State and the Administrator of Veterans Affairs.

The CSC/BoB staffs have made the comparison between industry salaries and Federal salaries on the basis of the 1969 BLS survey. Table 1 attached shows the 1968 and 1969 BLS private enterprise salary averages with the percent increase by grade level. While the average increase was 5.75 percent, the increase at the important GS-5 level, the level to which postal clerk and letter carrier rates are linked, increased 7.05 percent. When a payline is constructed which not only reflects the increased industry salaries but also provides suitable pay distinctions between grades, the increase over current rates comes to about 5.75 at all grades above GS-1. See table 2 attached.

(At the GS-5/PFS-5 level the payline rate last year was $824 less than the private enterprise average at that grade. This year's results will actually increase this gap to $971. The size of this gap is the critical issue in the union attack which can be expected this year as last on the comparability process.)

The President is required by law to send annually to the Congress a report which compares the rates fixed by statute for the four statutory pay systems (GS, PFS, Foreign Service, and VA/DM&S) with rates of pay paid for the same levels of work in private industry as determined on the basis of the Bureau of Labor Statistics Survey. Since 1962, this report has included the Joint Report made by the Director of the Bureau of the Budget and the Chairman of the Civil Service Commission.

The President's report to the Congress is also to contain "such recommendations for revision of statutory pay schedules, pay structures, and pay policy, as he considers advisable." This leaves the President a wide area of discretion. For example he could recommend that the comparability increase not be applied to postal schedules on the grounds that the salaries for postal employees in the future should be fixed by negotiations between the unions and postal management.

Robert E. Hampton
Chairman

Attachments

Pm 6
Cracker
Harlow

January 29, 1970

MEMORANDUM FOR JOHN EHRLICHMAN

FROM: CHUCK COLSON

If we do not accept the Postal/Pay Reform compromise, we can expect that HR13000 will be very shortly sent to the President. It is only the existence of the Postal Pay/Reform package which is bottling up HR13000 in the conference.

The following tabulation might be useful in evaluating our options and particularly in considering the consequences if we now abandon the Pay/Reform proposal:

COST COMPARISON:

The Reform/Pay Plan and the Administration's Comparability Recommendations

Fiscal Year	1970	$175 million
Fiscal Year	1971	$1.4 billion *

HR13000 - Senate Version

Fiscal Year	1970	$700 million
Fiscal Year	1971	$2.8 billion

HR13000 - House Version

Fiscal Year	1970	$900 million
Fiscal Year	1971	$3.4 billion

Obviously, if HR13000 comes to us the net cost will be somewhere between the Senate and House versions.

It should be noted that the Pay Act of 1962 contemplates treating all Federal employees alike. (This is legally distinguishable from the two step increase in the reform plan.)

* Assumes January 1, 1971 date as recommended in the budget. This is probably not realistic.

"he attached memorandum from Bob Hampton shows a pay line comparability analysis at Level 5, which after the 5.7% that will be recommended will be $971. Prior to the recommended 5.7% increase, the disparity is $1361 or approximately 20% of Step 4 in Level 5. This is a real problem in the classified service where the average employee is at Step 4. Our comparability recommendations will not come anywhere near closing the gap. In the postal service, however, the average employee is at Level 8, which after the comparability increase will put him within $80 of the civilian comparability level. The comparability rate will, therefore, make the postal employees whole. Since the BLS formula, however, compares Step 4 the unions will try to argue that there is the 20% disparity. In fact, there is not but this does create a political problem, which we obviously must counter.

It also points out what is really wrong with the BLS system. We should also be prepared for a tremendous outburst from the Government employees, who may have a very legitimate argument -- but this is another matter.

UNITED STATES CIVIL SERVICE COMMISSION
WASHINGTON, D.C. 20415

CHAIRMAN

JAN 28 1970

MEMORANDUM FOR CHARLES W. COLSON
Special Counsel to the President

In accordance with our conversation, I am setting forth in this memorandum the steps that must be taken in connection with the salary comparability review which must be made under the provisions of chapter 53 of title 5, United States Code.

The Chairman of the Civil Service Commission and the Director of the Bureau of the Budget (who are designated as the President's agents by Executive Order 11073) must

- provide unions with findings of the Bureau of Labor Statistics with respect to private enterprise salaries, and with the methods and results of the comparison between industry and Federal salaries;

- receive and consider union views;

- obtain and consider recommendations from Post Office, State and Veterans Administration; and

- submit to the President their report comparing private industry salaries with Federal salaries (i. e., General Schedule, Postal Field Service Schedule, Foreign Service Schedules and the schedules for doctors, dentists, and nurses in the Department of Medicine and Surgery of the Veterans Administration). This report must include the views of the unions and the recommendations of the Postmaster General, the Secretary of State and the Administrator of Veterans Affairs.

The CSC/BoB staffs have made the comparison between industry salaries and Federal salaries on the basis of the 1969 BLS survey. Table 1 attached shows the 1968 and 1969 BLS private enterprise salary averages with the percent increase by grade level. While the average increase was 5.75 percent, the increase at the important GS-5 level, the level to which postal clerk and letter carrier rates are linked, increased 7.05 percent. When a payline is constructed which not only reflects the increased industry salaries but also provides suitable pay distinctions between grades, the increase over current rates comes to about 5.75 at all grades above GS-1. See table 2 attached.

(At the GS-5/PFS-5 level the payline rate last year was $824 less than the private enterprise average at that grade. This year's results will actually increase this gap to $971. The size of this gap is the critical issue in the union attack which can be expected this year as last on the comparability process.)

The President is required by law to send annually to the Congress a report which compares the rates fixed by statute for the four statutory pay systems (GS, PFS, Foreign Service, and VA/DM&S) with rates of pay paid for the same levels of work in private industry as determined on the basis of the Bureau of Labor Statistics Survey. Since 1962, this report has included the Joint Report made by the Director of the Bureau of the Budget and the Chairman of the Civil Service Commission.

The President's report to the Congress is also to contain "such recommendations for revision of statutory pay schedules, pay structures, and pay policy, as he considers advisable." This leaves the President a wide area of discretion. For example he could recommend that the comparability increase not be applied to postal schedules on the grounds that the salaries for postal employees in the future should be fixed by negotiations between the unions and postal management.

REH

Robert E. Hampton
Chairman

Attachments

If you have any questions please call. —

Table 1

Rise in Private Enterprise Rates, From 1968 to 1969

Grade	Occupation	1968	1969	Percent Increase
GS-1	File clerk I	$ 3,674	$ 3,883	
	Office boys or girls	4,011	4,279	
	Average	3,843	4,081	6.19%
GS-2	File clerk II	4,110	4,328	
	Keypunch operator I	4,566	4,797	
	Switchboard operator I	4,587	4,822	
	Tabulating machine operator I	4,702	5,021	
	Typist I	4,206	4,451	
	Average	4,434	4,684	5.64%
GS-3	Engineering technician I	5,585	5,942	
	Draftsman-tracer	4,951	5,301	
	Accounting clerk I	4,708	4,941	
	File clerk III	5,055	5,320	
	Keypunch operator II	5,189	5,482	
	Stenographer, general	4,861	5,192	
	Switchboard operator II	5,445	5,689	
	Tabulating machine operator II	5,779	6,060	
	Typist II	4,890	5,155	
	Average	5,163	5,454	5.64%
GS-4	Engineering technician II	6,661	7,011	
	Draftsman I	6,110	6,454	
	Accounting clerk II	6,179	6,448	
	Secretary I	5,563	5,869	
	Stenographer, senior	5,614	5,884	
	Tabulating machine operator III	7,008	7,371	
	Average	6,189	6,506	5.12%
GS-5	Accountant I	7,451	8,002	
	Auditor I	7,645	8,367	
	Job analyst I	... 1/	8,137	
	Chemist I	8,061	8,736	
	Engineer I	9,023	9,662	
	Engineering technician III	7,596	8,040	
	Draftsman II	7,548	7,988	
	Buyer I	7,344	7,877	
	Secretary II	6,272	6,586	
	Average	7,618	8,155	7.05%
GS-6	Secretary III	6,692	7,032	
GS-7	Accountant II	8,277	9,013	
	Auditor II	8,707	9,287	
	Attorney I	9,338	... 2/	
	Job analyst II	8,820	9,081	
	Chemist II	8,931	9,626	
	Engineer II	9,771	10,455	
	Engineering technician IV	8,767	9,300	
	Draftsman III	9,233	9,755	
	Buyer II	8,660	9,269	
	Secretary IV	7,271	7,697	
	Average	8,778	9,276	5.67%

Grade	Occupation	1968	1969	Percent Increase
GS-9	Accountant III	$ 9,367	$ 10,029	
	Auditor III	9,977	10,726	
	Attorney I	10,293	11,020	
	Job analyst III	10,401	10,595	
	Chemist III	10,187	11,063	
	Engineer III	10,963	11,701	
	Engineering technician V	9,788	10,321	
	Buyer III	10,260	10,942	
	Average	10,155	10,800	6.35%
GS-11	Accountant IV	11,273	11,967	
	Auditor IV	12,303	13,125	
	Chief accountant I	12,289	13,212	
	Attorney II	12,602	12,780	
	Job analyst IV	12,577	12,830	
	Director of personnel I	11,029	11,847	
	Chemist IV	12,751	13,359	
	Engineer IV	13,095	13,893	
	Buyer IV	12,431	13,151	
	Average	12,261	12,907	5.27%
GS-12	Accountant V	13,531	14,373	
	Chief accountant II	14,135	14,637	
	Attorney III	15,283	15,879	
	Director of personnel II	13,215	13,925	
	Chemist V	15,263	16,080	
	Engineer V	15,223	16,107	
	Average	14,442	15,167	5.02%
GS-13	Chief accountant III	16,577	17,714	
	Attorney IV	17,936	19,163	
	Director of personnel III	16,005	16,738	
	Chemist VI	17,324	18,529	
	Engineer VI	17,361	18,577	
	Average	17,041	18,144	6.47%
GS-14	Chief accountant IV	19,046	20,586	
	Attorney V	22,152	23,685	
	Director of personnel IV	19,715	20,585	
	Chemist VII	20,561	22,473	
	Engineer VII	20,216	21,199	
	Average	20,338	21,706	6.73%
GS-15	Attorney VI	28,841	29,421	
	Chemist VIII	25,416	27,092	
	Engineer VIII	23,280	24,020	
	Average	25,846	26,844	3.86%
			Overall	5.75%

1/ Data did not meet BLS publication criteria.

2/ Change in standard made GS-9 the entry level for attorney.

Table 2

Comparison of Comparability Payline Fitted to 1969 Private Enterprise Rates with Current General Schedule Rates

Grade	1969 Private Enterprise Averages	Comparability Payline: Intergrade Differentials	Comparability Payline: Rates	Current Fourth Rates	Increases Needed: Dollars	Increases Needed: Percent
GS- 1	$ 4,081		$ 4,479	$ 4,279	$ 200	4.67%
2	4,684	13.2%	5,070	4,795	275	5.74
3	5,454	27.7%	5,720	5,409	311	5.75
4	6,506	12.3	6,424	6,074	350	5.76
5	8,155	25.6	7,184	6,794	390	5.74
6		11.4	8,003	7,569	434	5.73
7	9,276	23.7	8,887	8,404	483	5.75
8		10.6	9,829	9,295	534	5.75
9	10,800	22.0	10,842	10,253	589	5.74
10		10.0	11,926	11,278	648	5.75
11	12,907	20.5	13,065	12,355	710	5.75
12	15,167	19.2	15,573	14,727	846	5.74
13	18,144	18.1	18,392	17,393	999	5.74
14	21,706	17.2	21,555	20,385	1,170	5.74
15	26,844	16.5	25,112	23,749	1,363	5.74
16		16.0	29,130	27,549	1,581	5.74
17		15.7	33,703	31,874	1,829	5.74
18		15.6	35,418 1/	33,495 2/	1,923	5.74

1/ Single (entry) rate. Payline rate is $38,961.

2/ Single (entry) rate. Fourth rate would be $36,846.

Estimated Cost of H. R. 13000, Senate Version and House Version
(Includes cost of military pay raises as well as civilian)

SENATE VERSION

For Fiscal Year 1970 -- about $0.7 Billion

For Fiscal Year 1971 -- about $2.8 Billion

HOUSE VERSION

For Fiscal Year 1970 -- about $0.9 Billion
(Assumes an April 1, 1970 pay adjustment
of. 5.75%)

For Fiscal Year 1971 -- about $3.4 Billion
(Assumes an April 1, 1971 pay adjustment
of 5.75%)

No Cost Projected on Accelerated Step Increases

Coster
Harlow

January 29, 1970

MEMORANDUM TO JOHN EHRLICHMAN

FROM: CHUCK COLSON

Looking at the Postal Reform/Pay Package agreement:

1. We have agreed to a 5.4% increase (by restructuring the present grades).

2. We have further agreed to some legislative language which will exhort the postal authority to negotiate a reduced period of service from 21 years to 8 years required to reach top pay in any grade (not necessarily, however, related to the present pay structure).

3. We have agreed to collective bargaining.

4. We have agreed to guarantee continued civil service status for two years.

5. We have agreed to the provisions of our Labor Management Executive Order.

Looking at the above five points from the standpoint of the unions:

1. If we deduct this from comparability which the postal workers would otherwise be entitled to, they gain no pay advantage.

2. This may or may not be of benefit. They have to negotiate comparability; it is not guaranteed.

3. The unions would much prefer keeping the pay scales in the hands of Congress.

4. This gives them nothing they don't already have.

5. Our Executive Order is already in effect.

...

On balance, a labor union leader would have to conclude that he is getting absolutely nothing as consideration for agreeing to the corporation. Let's not forget that the corporation is an anathema to the employees and unions. If we do not give on points (1) and (2), there is nothing.

Colson
Harlow

January 29, 1970

MEMORANDUM TO JOHN EHRLICHMAN

FROM: CHUCK COLSON

Looking at the Postal Reform/Pay Package agreement:

1. We have agreed to a 5.4% increase (by restructuring the present grades).

2. We have further agreed to some legislative language which will exhort the postal authority to negotiate a reduced period of service from 21 years to 8 years required to reach top pay in any grade (not necessarily, however, related to the present pay structure).

3. We have agreed to collective bargaining.

4. We have agreed to guarantee continued civil service status for two years.

5. We have agreed to the provisions of our Labor Management Executive Order.

Looking at the above five points from the standpoint of the unions:

1. If we deduct this from comparability which the postal workers would otherwise be entitled to, they gain no pay advantage.

2. This may or may not be of benefit. They have to negotiate comparability; it is not guaranteed.

3. The unions would much prefer keeping the pay scales in the hands of Congress.

4. This gives them nothing they don't already have.

5. Our Executive Order is already in effect.

...

On balance, a labor union leader would have to conclude that he is getting absolutely nothing as consideration for agreeing to the corporation. Let's not forget that the corporation is an anathema to the employees and unions. If we do not give on points (1) and (2), there is nothing.

Colson
/Harlow

January 29, 1970

MEMORANDUM TO JOHN EHRLICHMAN

FROM: CHUCK COLSON

Looking at the Postal Reform/Pay Package agreement:

1. We have agreed to a 5.4% increase (by restructuring the present grades).

2. We have further agreed to some legislative language which will exhort the postal authority to negotiate a reduced period of service from 21 years to 8 years required to reach top pay in any grade (not necessarily, however, related to the present pay structure).

3. We have agreed to collective bargaining.

4. We have agreed to guarantee continued civil service status for two years.

5. We have agreed to the provisions of our Labor Management Executive Order.

Looking at the above five points from the standpoint of the unions:

1. If we deduct this from comparability which the postal workers would otherwise be entitled to, they gain no pay advantage.

2. This may or may not be of benefit. They have to negotiate comparability; it is not guaranteed.

3. The unions would much prefer keeping the pay scales in the hands of Congress.

4. This gives them nothing they don't already have.

5. Our Executive Order is already in effect.

...

On balance, a labor union leader would have to conclude that he is getting absolutely nothing ax consideration for agreeing to the corporation. Let's not forget that the corporation is an anathema to the employees and unions. If we do not give on points (1) and (2), there is nothing.