

FOIA Marker

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Records Management, White House Office of (WHORM)

Subject Files - FG006-05 (OMB)

Stack:	Row:	Sect.:	Shelf:	Pos.:	FRC ID:	Location or Hollinger ID:	NARA Number:	OA Number:
M	22	16	2	1	8489	8902	7319	8077

Folder Title:

1102676

Withdrawn/Redacted Material

Obama Presidential Library

DOCUMENT NO.	FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
001	Cover Sheet	Cover Letter for OMB's draft FY 2014 Budget Passback documents - To: POTUS - From: Greg	1	01/22/2013	P5;
002	Memorandum	2014 Passback Recommendations - To: POTUS - From: Jeff Zients, et al.	11	01/22/2013	P5;
003	Budget	Agency Funding Level Summary Table - To: POTUS - From: Jeff Zients, et al.	1	01/22/2013	P5;
004	Report	FY 2014 Passback Agency Summaries	34	N.D.	P5;

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RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
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PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

Deed of Gift Restrictions

A. Closed by Executive Order 13526 governing access to national security information.
B. Closed by statute or by the agency which originated the document.
C. Closed in accordance with restrictions contained in donor's deed of gift.

Freedom of Information Act - [5 U.S.C. 552(b)]

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Records Not Subject to FOIA

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Doris Parker

1102676

FG006-05

**Executive Office of The President
Barcode Scanning Sheet**



Collection Code: **SECLOG**

Staff Name: **PRESIDENT OBAMA**

Document Date: **January 22, 2013**

Correspondent: **JEFF ZIENTS
+ 2 Additional Correspondents**

Scanned by
ORM

Subject/Description: **INFORMATIONAL MEMORANDUM RE: 2014 PASSBACK
RECOMMENDATIONS - THIS MEMO SUMMARIZES THE
DISCRETIONARY FUNDING LEVELS THAT OMB PLANS
TO "PASS BACK" TO AGENCIES ON JAN 25 FOR THE
2014 BUDGET BASED UPON THE DISCRETIONARY CAPS
ESTABLISHED IN THE AMERICAN TAXPAYER RELIEF
ACT (ATRA)**

Withdrawal Marker

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FOIA ID and Segment:

22-17800-F

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C

THE WHITE HOUSE

Washington

January 22, 2013

MEMORANDUM FOR THE PRESIDENT

FROM: JEFF ZIENTS

SUBJECT: Military and Civilian Pay Decisions for 2014

The President's Budget generally includes a proposed pay increase for Federal civilian and military employees. This memorandum recommends that your FY 2014 Budget provide for a one-year pay increase of 1.0 percent for both military and civilian personnel.

MILITARY PAY

We propose a military basic pay raise of 1.0 percent in 2014. Last year, agencies with military personnel assumed a pay raise of 1.7 percent for 2014, which is broadly in line with the Employment Cost Index (ECI) that measures private sector wage growth. Compared to this level, a 1.0 percent pay raise would generate approximately \$6 billion in savings within DOD over ten years. Current law ties the pay raise to the ECI, which would be 1.8 percent for 2014; however, the Administration may transmit an alternative pay raise to Congress, and has done so in previous years.

The Department of Defense (DOD) supports this modest slowdown in the basic pay raise in 2014, and a change from the previous plan of a 1.7 percent increase, for several reasons. First, the lower pay raise is necessary because Congress failed to approve a number of personnel savings reforms in FY 2013 (such as to the Tricare program), so DOD's total personnel costs are now projected to be higher than expected in FY 2014. Second, as a result of the revised defense cap included in the American Taxpayer Relief Act (ATRA), DOD's FY 2014 budget will be \$6 billion lower than it was projected to be last year, which puts significant additional pressure on DOD. Third, our combat role in Afghanistan will largely be over by the time this pay increase goes into effect. The National Security Staff also supports this proposal, and the First Lady's office and other EOP offices understand why DOD feels it is necessary to include this proposal.

Moreover, it is important to note that basic military pay is only one component of military compensation. Service members also receive allowances for housing and subsistence, which are estimated to increase by 4.2 percent and 3.4 percent next year, respectively. When taking into account these allowances and the proposed basic pay raise, enlisted members and officers will receive an estimated increase in total compensation in 2014 of more than 1.8 percent and 1.4 percent, respectively. Furthermore, basic military pay has increased 65 percent from 2000 to 2013, compared to roughly 48 percent for civilian and private sector pay, and thus remains highly competitive. Recent studies indicate that military compensation for enlisted members is

at the 90th percentile of civilian pay for positions with comparable education/training, and at the 83rd percentile for officers. Therefore, even with this slowdown in the basic pay raise, DOD believes that total compensation will be sufficient to allow the military to meet its recruiting and retention goals.

Although this would be the lowest proposed military basic pay raise since 1994, it follows a long period of robust growth in pay and benefits. We believe a slowdown in basic pay is a responsible way to address DOD's budgetary constraints.

CIVILIAN PAY

We recommend that you provide a civilian pay increase in 2014 that matches the military pay increase described above. A 1.0 percent increase in civilian pay would reduce costs by more than \$18 billion over ten years relative to pay increases that would equal private sector wage growth.

We believe a pay raise of 1.0 percent for civilian employees balances the need for budgetary constraint and the need to remain competitive with the private sector, where wages grew 1.8 percent last year. The 1.0 percent increase follows a two-year pay freeze and a proposed 0.5 percent pay increase for civilian employees included in your FY 2013 Budget and scheduled to take effect at the expiration of the current Continuing Resolution.

Unions and most Democrats will appreciate that we are proposing an increase greater than the 2013 increase, and Congressman Hoyer and other members representing Maryland and Northern Virginia will appreciate that we are restoring parity between civilian and military pay. However, some Federal employee advocates could oppose the level of the increase, on the grounds that it remains below private sector wage growth. Conversely, Republicans are likely to criticize any increase in civilian pay, regardless of the level, at a time of continuing budgetary constraints and calls for deficit reduction (though they are unlikely to oppose a military pay increase). In fact, the House has shown interest in introducing a bill to extend the current pay freeze through the end of calendar year 2013. If that occurs, your senior advisors will prepare a SAP that opposes the bill and provides a defense of the services Federal employees provide and the need to end the current two-year pay freeze.

RECOMMENDATION

We recommend that your budget propose a one-year military and civilian pay increase of 1.0 percent for 2014.

☒ Approve

☐ Disapprove

☐ Discuss