

Reagan planning to seek 2% raise for U.S. workers, 4% for military

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WASHINGTON — President Reagan is planning to recommend that Congress authorize a 2 percent pay raise for federal civilian workers and a 4 percent increase for military personnel, both effective in January.

It would come at a time when the average pay of civil servants lags behind the private sector by 24 percent, according to an internal government study of selected occupations.

A 2 percent raise for the country's 1.2 million civilian employees would cost \$844 million. The 4 percent adjustment for the 2.1 million persons in uniform would cost about \$2.5 billion.

While a 2 percent increase is recommended tentatively in the Office of Management and Budget's mid-year budget projection, some administration officials with an eye on the upcoming elections are pushing for increases of least 3 percent. The president is expected to announce his proposal by the end of next week.

Congress has already approved a budget calling tentatively for a 3 percent civilian pay raise in January. And as election nears, Congress may stick with that figure during the budget-reconciliation process.

By law, federal workers are



supposed to get a raise each October to help their salaries keep pace with private industry's. That so-called comparability increase is based on a private-sector wage survey made early in the year by the Bureau of Labor Statistics.

But the law also permits the president to send Congress an alternate plan recommending a lesser raise or a later effective date.

Last year the BLS report showed that white-collar federal pay was lagging by more than 19 percent behind industry's. But the president recommended a pay freeze, which Congress approved.

This year's BLS report on professional, administrative, technical and clerical wages in the private sector showed that compensation had risen by 3 to 5½ percent between March 1985 and March 1986.

That increased the gap between government and industry pay to nearly 24 percent.

On average, white-collar federal workers here earn more than \$31,000 a year. But the average is misleading, because the government has a higher percentage of professional and technical workers than most private firms and a smaller percentage in lower-paying service jobs.

President Reagan's pay agents — the directors of the offices of Personnel Management and Management and Budget and the secretary of labor — are expected to issue their findings shortly.

Insiders say that this year, the officials believe that the recently expanded BLS survey still does not reflect pay in the private sector accurately.

The survey excludes firms with 50 or fewer employees, and doesn't look at wages paid by state and local governments, which employ 17 million workers.

Under both the Reagan and Carter administrations, unsuccessful attempts have been made to get Congress to adopt a system that would take the value of fringe benefits such as retirement, vacation and holidays into account when comparing government and private compensation.

Although the federal retirement system is more generous than most private pension plans, other benefits such as health insurance and vacations have slipped behind those offered by many firms.

If, as expected, the president recommends an alternate pay plan, Congress could overturn it and order a larger raise. But since it costs about \$1 billion each time federal and military pay goes up by 1 percent, Congress isn't about to authorize the full 24 percent increase.