

# THE FEDERAL WORK FORCE: ITS SIZE, COST AND ACTIVITIES

*Staff Working Paper*

March 1977



Congress of the United States  
Congressional Budget Office  
Washington, D.C.



**THE FEDERAL WORK FORCE:  
ITS SIZE, COST, AND ACTIVITIES**

**The Congress of the United States  
Congressional Budget Office**

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NOTE

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The data used in this paper are the latest available to the Congressional Budget Office from published or unpublished sources. Unless otherwise indicated, all employment and cost figures pertain to civilian employment of the executive branch of the federal government, and all cost figures are in current dollars. Because different reporting periods or data bases are used for the special analyses, employment levels may vary slightly from table to table. These variations do not affect the presentations or conclusions. Finally, numbers may not add due to rounding.

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## PREFACE

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The size and cost of the federal work force is one of the major public issues in the United States today. Many people believe that it is too large, too costly, and is organized in a confusing maze of departments and agencies.

The purpose of this paper is to provide the Members of Congress and their staffs with some relevant background data on the federal work force so that these policy issues may be considered in context. The scope of the paper is limited to the 2.8 million civilian employees of the executive branch who constitute 57 percent of total federal employment. Most of the rest are members of the various uniformed services; the legislative and judicial branches represent about 1 percent of the total. A brief review of the historical evolution of the civilian work force to its present size and activities is followed by a detailed presentation on the size, cost, and activities of the civilian work force since the end of World War II.

This paper was prepared by Edward H. Chase of the Management Programs Division of the Congressional Budget Office, under the supervision of Howard M. Messner and Seymour D. Greenstone. The paper was edited by Katharine T. Bateman.

Alice M. Rivlin  
Director

March 1977



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## SUMMARY

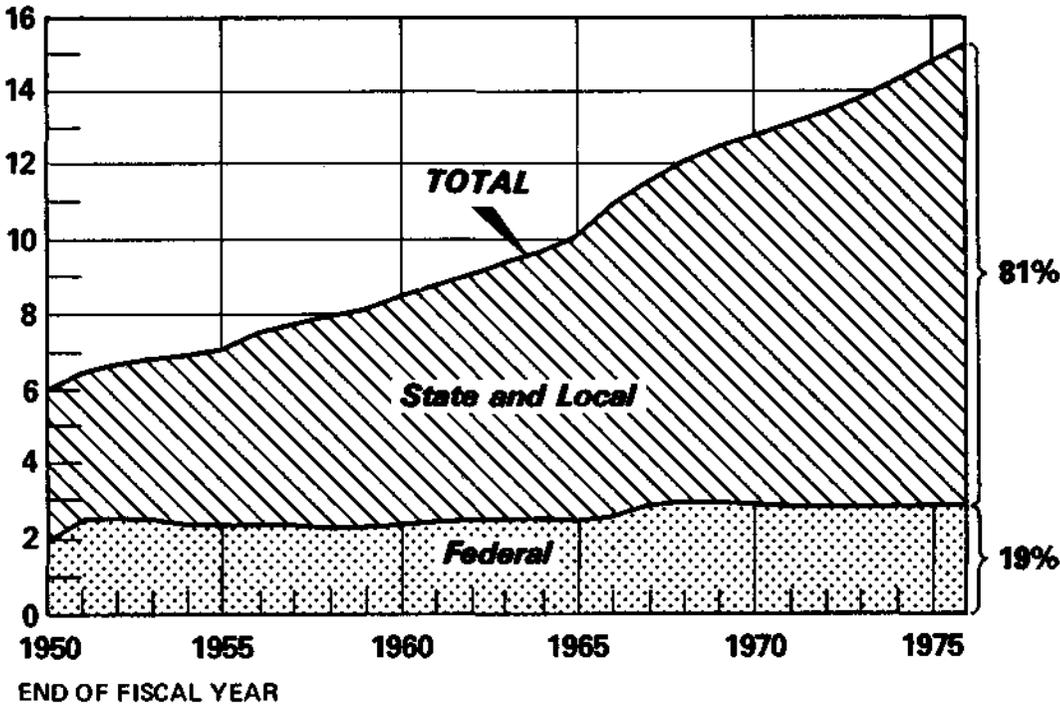
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The employment of civilians by the federal government began in 1789. Most of the growth in the civil service, however, has taken place in the Twentieth Century. In the period since 1950 civilian employment in the executive branch expanded by 850,000 employees. Even with this substantial increase, civilian employment in the executive branch decreased as a share of the total U.S. labor force. This was due to larger proportionate employment gains in the private sector and by state and local governments. State and local government staffing has tripled since 1950 and now represents 81 percent of total governmental employment.

### Summary Figure 1.

### Total Civilian Government Employment

MILLIONS OF EMPLOYEES



Half of the 850,000 employee increase in the executive branch took place in the Department of Defense and the Postal Service (increases of 241,000 and 176,000 employees, respectively). The other half of the increase was shared by the other departments and agencies of the executive branch, with the largest numerical growth occurring in the Social Security Administration (73,000), Federal Aviation Administration (39,000), Public Health Service (32,000), and Internal Revenue Service (30,000).

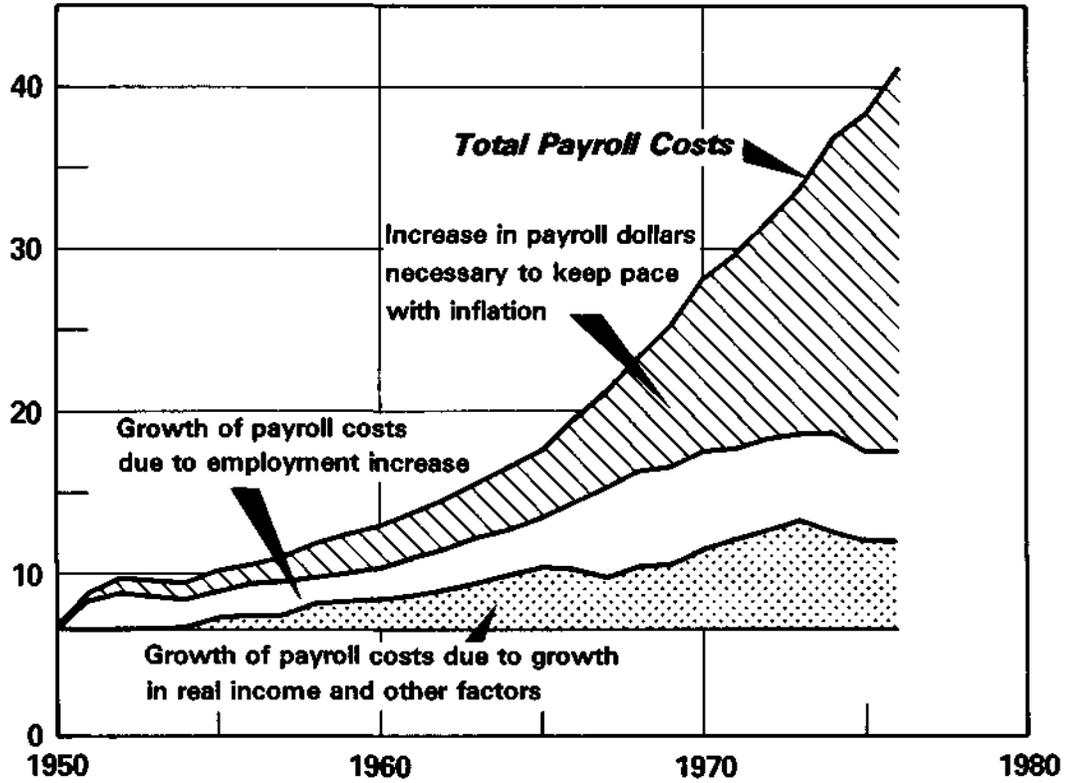
In addition to the changes in employment levels for individual agencies, there were slight shifts in the distribution of employees among the major program groupings of: (1) national security and international affairs; (2) postal services; and (3) all other programs. The percent of total federal civilian employment devoted to national security and international affairs and to postal services each decreased by 2 percent. There was a corresponding 4 percent increase in the number of employees assigned to all other programs. Within this latter category the greatest growth was in the areas of health and safety and income security and social services.

Increasing employment has been accompanied by increased payroll costs, from \$6.8 billion in 1950 to \$41.4 billion in 1976. Even though payroll costs have risen dramatically, they have declined as a proportion of the total federal budget from 16 percent in 1950 to about 11 percent now.

Two major reasons for the large increase in payroll costs are inflation and employment increases. The following figure shows the effect of these factors, as well as the growth of payroll costs associated with increases in real income. The cost of payroll and benefits is estimated to reach \$63.9 billion by fiscal year 1982 under current projections.

**Summary Figure 2.**  
**Payroll Costs of Civilian Employment and Sources of Increase**

BILLION \$





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CHAPTER I     MILESTONES IN THE DEVELOPMENT OF THE  
                 FEDERAL WORK FORCE

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THE EARLY YEARS (1789-1861)

The federal government, as organized in 1789, consisted of the Departments of State, Treasury, and War; plus the Office of the Attorney General. <sup>1/</sup> In 1792 the Post Office was added; and a separate Department of the Navy was established in 1798. By 1800 the number of people working in these various departments had reached an estimated 3,000 employees.

Although the basic structure of the government remained the same until the Civil War in 1861, the number of employees increased to approximately 36,000, with the Post Office Department employing 30,000 of these 36,000. The one new department created during the period between 1800 and 1861 was the Department of the Interior, which was established in 1849. It did not, however, reflect any new programs. It merely combined certain existing functions and activities previously scattered among the other departments.

Although the period from 1789 to 1861 did not witness any significant changes in government organization or activity, changes did occur in attitudes concerning government workers. During the first years of the period the emphasis was placed on an efficient administrative system with a work force expected to meet relatively high standards of competence. However, with the introduction of the "spoils" system in federal hiring practices in 1829, the emphasis on a professional work

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<sup>1/</sup> The Department of Foreign Affairs, predecessor to the Department of State, was created in 1781.

force ended and was replaced with the general belief that any citizen could perform most government jobs.

#### CIVIL WAR THROUGH WORLD WAR I (1861-1918)

During the years between the end of the Civil War and the end of World War I, the United States changed from a rural, agrarian society into an industrial, increasingly urban society. Whereas earlier federal departments had been formed around specialized governmental functions (foreign affairs, war, finance, etc.), the new departments of this period--Agriculture, Labor, and Commerce--were designed to deal with the interests of particular economic groups.

The growth of the modern corporation and its domination of large segments of the economy also brought a major addition to the federal government's administrative machinery. The federal response to this problem of economic concentration was federal intervention--through regulation and trust-busting. The first major regulatory body, the Interstate Commerce Commission, was established in 1887, and was followed by other regulatory agencies including the Board of Governors of the Federal Reserve System in 1913, the Federal Trade Commission in 1914, and the Federal Power Commission in 1920. These agencies were models for the many regulatory commissions created during the 1930s.

Other major federal initiatives during the period between 1861 and 1920 included:

- o passage of legislation to protect the public from unsanitary food and impure or ineffective drugs (which resulted in the creation of the Department of Agriculture meat inspection program and the predecessor agencies of the Food and Drug Administration);
- o increased efforts to protect and enhance the nation's dwindling natural resources (which led to the National Park Service in 1916, the Reclamation Service in 1902, the Forest Service in 1905, and the Bureau of Mines in 1910); and

- o action to correct unsatisfactory labor conditions (which resulted in the creation of a Children's Bureau and later a Women's Bureau, both in the Department of Labor).

A different kind of government growth resulted from increased use of federal grants-in-aid to the states for certain specified purposes. Although use of this device dated from the beginnings of the republic, it assumed added importance with increased emphasis on cash grants (rather than land grants) and greatly increased federal supervision of the expenditure of the grant monies by the states. The increased use of cash grants led to the creation of federal agencies charged principally with the administration of grant funds. A prime example was the Bureau of Public Roads, now the Federal Highway Administration.

Civilian staffing of the executive branch increased substantially during this period. Total staffing in 1916, just prior to the large buildup associated with World War I, was 391,000--a 1,000 percent increase from 1861. The Post Office Department still represented the largest component (212,000), but the staffing for other federal activities had grown much more rapidly than the Post Office Department during the period.

Major statutory milestones in providing an administrative framework for the federal work force were achieved during the period between 1861 and 1920. Increasing opposition to the spoils system after the Civil War culminated in passage of the Civil Service Act of 1883, which created the Civil Service Commission and provided for selection of employees by examinations. Sick and annual leave laws were enacted in 1893, and in 1912 the Lloyd-LaFollette Act prohibited the removal of federal employees except on the basis of written charges accompanied by an opportunity to reply.

#### AFTERMATH OF WORLD WAR I AND ECONOMIC DEPRESSION (1918-1941)

Following the end of World War I the federal government not only continued to regulate business and industry, but also moved to aid and promote them--establishing new agencies that aided businesses in developing overseas and domestic markets.

On the whole, however, the first decade of this period was one of minimal federal growth. This situation was changed radically by the stock market crash of 1929, and by the ensuing economic decline, dislocation, and rising unemployment.

The depression led to the election in 1932 of Franklin D. Roosevelt and his "New Deal," which surpassed in scope and depth any previous period of governmental activism. During the period from 1932 to 1940 dozens of new agencies dealing with almost every aspect of U.S. economic activity were created. Some examples of new programs and agencies created during President Roosevelt's first two terms are:

- o establishment of the social security system;
- o creation of the Federal Deposit Insurance Corporation to protect the savings of investors and restore confidence in the banking system;
- o creation of the Tennessee Valley Authority to develop the resources of the depressed Tennessee River area; and
- o promotion of farming interests through the Rural Electrification Administration (electric power for isolated rural areas); the Federal Crop Insurance Corporation (insurance against crop failures from natural causes such as drought); and the Farm Credit Administration (emergency loans and other financial assistance to farmers).

By 1940 total civilian employment in the executive branch had exceeded the one million mark--a 73 percent increase over the number employed in 1932. The civilian payroll was \$1.9 billion. Employment was to exceed the two million mark in 1942, and has never been below that level except for 1950, when it dropped to 1.9 million.

Major legislative initiatives during the period from 1918 to 1941, beginning with the Civil Service Retirement Act in 1920, largely completed the administrative framework for the federal work force. In addition the

Classification Act of 1923 (superseded by the Classification Act of 1949) provided a personnel and pay structure based on positions rather than persons (i.e., based on the duties assigned to a job rather than the qualifications of the person holding the job). In 1939 the Hatch Act prohibited active participation by federal civil servants in partisan politics. The Ramspeck Act of 1940 extended the classified civil service to practically all positions in the federal government. At the end of the period in 1941 legislation was enacted revising the salary system to provide for within-grade increases based on seniority and merit.

#### WORLD WAR II TO PRESENT (1941-1977)

The challenge that World War II presented to the government was met by a significant expansion of existing agency structures and the creation of new boards, commissions, and offices to coordinate the war effort. Most of these war agencies were abolished at the end of the war in 1945. Peace, however, did not bring the return of prewar conditions that had followed the end of World War I, but rather it brought the recognition that the United States had assumed the responsibilities of a world power. Indeed, much of the post-World War II growth of federal institutions has been in the areas of military and foreign affairs, leading to the creation of foreign aid and development agencies, intelligence networks (the Central Intelligence Agency in 1947), and information dissemination functions (the U.S. Information Agency in 1953). The postwar period also brought about the reorganization of the military services into the Department of Defense (1949).

The federal government's involvement in domestic concerns also increased substantially following the war. For example, growing interest in science and technology, stemming from scientific research and development programs during the war, led to the creation of agencies designed to increase and direct the growth of science, including the Atomic Energy Commission and the National Science Foundation. In addition to these new agencies, three new departments were created. The Department of Health, Education, and Welfare, established

in 1953, raised to departmental status the administration of a number of social service programs. Likewise, the Department of Transportation brought together transportation agencies and programs previously housed elsewhere. The Department of Housing and Urban Development, established in 1965, was intended to represent a major federal initiative in the areas of housing supply and the alleviation of urban decay.

In 1944 personnel procedures affecting the federal work force were altered significantly with enactment of the Veterans' Preference Act, providing for preference to veterans in appointments and retention and appeal rights.

Today, the federal civilian work force numbers about 2.8 million with an annual payroll of approximately \$41.4 billion. There are 11 executive departments and 60 principal independent agencies that together represent 99 percent of the federal budget and federal civilian employment.

TABLE 1. BUDGET AND EMPLOYMENT OF EXECUTIVE DEPARTMENTS AND PRINCIPAL INDEPENDENT AGENCIES

Organization	Number	1978 President's Budget <u>a/</u>	October 1976 Civilian Employment
Executive Departments	11	\$421.5 billion (85.6%)	1.7 million (61.1%)
Principal Independent Agencies	60	65.6 billion (13.3%)	1.1 million (38.8%)
Total (Percent of total budget authority and total employment)		\$487.1 billion (98.9%)	2.8 million (99.9%)

SOURCE: Budget of the United States Government, Fiscal Year 1978; and Monthly Release of Federal Civilian Manpower Statistics, U.S. Civil Service Commission, December 1976.

a/ Gross budget authority before allowances and undistributed offsetting receipts.

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CHAPTER II      THE SIZE AND ACTIVITIES OF THE FEDERAL  
WORK FORCE

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The average citizen living outside Washington, D.C. finds it almost impossible to visualize what 2.8 million civilian employees in the executive branch are doing. Most are familiar only with well-known activities such as those relating to defense, internal revenue, postal services, or social security. This chapter will attempt to put into perspective the size and cost of the civilian work force, first by comparing it with the total U.S. work force and the total government work force (federal, state, and local) and then by showing both current and trend data on executive branch employment by organization and activity.

CIVILIAN EMPLOYMENT COMPARED TO TOTAL U.S. WORK FORCE  
AND TOTAL GOVERNMENT WORK FORCE

As indicated in Table 2, civilian employment in the executive branch represents approximately 3.3 percent of the total nonagricultural civilian work force. Even though executive branch employment increased substantially from 1950 to 1976, it decreased as a share of the total labor force, mainly because of larger employment gains in the private sector and in state and local governments. The 1.7 percent average annual increase in executive branch employment during the time period adhered closely to the increase in population, with the number of employees per 1,000 population increasing slightly from 12.8 to 13.0.

While federal government employment declined as a proportion of the total work force, state and local government employment and total government employment were steadily increasing. This is illustrated in Figure 1. Total government employment now represents 18.5 percent of the U.S. work force, compared to 13.3 percent in 1950.

TABLE 2. COMPOSITION OF THE U.S. WORK FORCE, NONAGRI-CULTURAL CIVILIAN EMPLOYMENT IN THOUSANDS

	1950		1976	
Federal Government				
Executive Branch	1,901	(4.2%)	2,668	(3.3%)
Legislative and Judicial Branches	27	(0.1%)	49	(0.1%)
State and Local Government	<u>4,098</u>	<u>(9.1%)</u>	<u>12,083</u>	<u>(15.1%)</u>
Subtotal	6,026	(13.3%)	14,800	(18.5%)
Private Sector	<u>39,196</u>	<u>(86.7%)</u>	<u>65,110</u>	<u>(81.5%)</u>
Total	45,222	(100.0%)	79,910	(100.0%)

SOURCE: Employment and Earnings, December 1976. U.S. Department of Labor and Monthly Release of Civilian Manpower Statistics, November 1976.

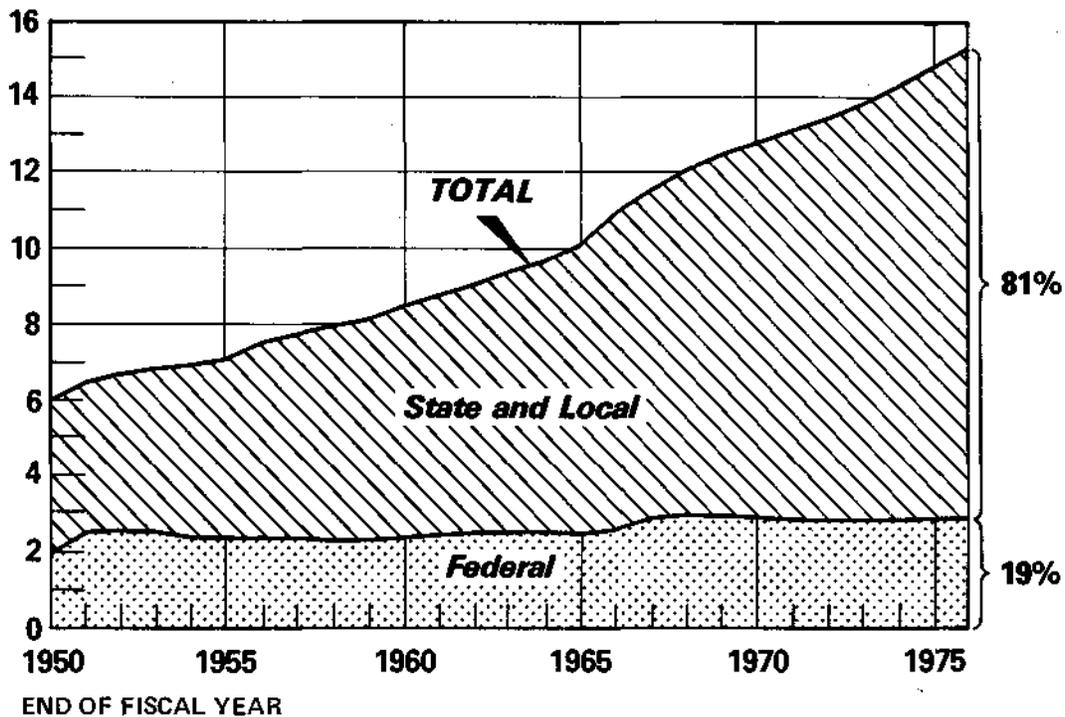
Note: Federal government employment figures do not include employees located outside the United States.

No precise data are available that measure the degree to which state and local employment growth resulted from federally mandated or supported programs. One general indicator, however, is the growth of federal aid (grants-in-aid and shared revenue) to state and local governments. Between 1950 and 1976 federal aid increased from \$2 billion to \$59 billion. It now represents 25 percent of all state and local expenditures, as compared to only 10 percent in 1950.

Figure 1.

### Total Civilian Government Employment

MILLIONS OF EMPLOYEES



#### GROWTH BY ORGANIZATIONAL COMPONENTS

One way of looking at the change and growth in civilian employment in the executive branch is to examine its two largest components--the Department of Defense and the Postal Service, and a third component which includes all other agencies.

As Table 3 shows, half of the total increase between 1950 and 1976 came in the Department of Defense and the Postal Service, and half came in the "all other agencies" component. Increases in Postal Service

TABLE 3. INCREASE IN FEDERAL CIVILIAN EMPLOYMENT  
1950-1976 (ROUNDED TO NEAREST 1,000)

	1950	1960	1970	1976	Increase 1950-1976
Department of Defense	753,000	1,047,000	1,219,000	994,000	241,000
Postal Service	485,000	563,000	741,000	661,000	176,000
"All Other Agencies"	<u>696,000</u>	<u>761,000</u>	<u>983,000</u>	<u>1,130,000</u>	<u>434,000</u>
Total	1,934,000	2,371,000	2,944,000	2,784,000	850,000

SOURCE: Series Y308-317, Historical Statistics of the United States; and Monthly Release of Federal Civilian Manpower Statistics, U.S. Civil Service Commission, December 1976.

employment were gradual but steady over the period, responding to increases in mail volume and the settlement of rural areas. Increases in Department of Defense employment were associated with the Korean War. Following a pattern established by World Wars I and II, employment rose significantly during the Korean conflict, with a decrease after the end of fighting that did not reduce employment to prewar levels. There was a net increase in DOD civilian employment of almost half a million employees during the Korean War. The Vietnam War broke this pattern of increases, and current DOD staffing is actually less than that following the Korean War.

The growth in employment in all other agencies has--like that in the Postal Service--been gradual but steady. As shown in Table 4 most of the growth can be attributed to employment increases in agencies that were already in existence.

TABLE 4. ORGANIZATIONS WITH MAJOR EMPLOYMENT GROWTH,  
EXCLUDES POSTAL SERVICE AND DEPARTMENT OF  
DEFENSE

Organizations	Employment Increase 1950-1976
<u>Expansion of Existing Agencies</u>	
Social Security Administration	73,000
Federal Aviation Administration	39,000
Public Health Service	32,000
Internal Revenue Service	30,000
Forest Service	25,000
Veterans Administration	24,000
Tennessee Valley Authority	18,000
National Aeronautics and Space Administration a/	18,000
General Services Administration	16,000
National Park Service	9,000
Federal Bureau of Investigation	9,000
Bureau of Indian Affairs	7,000
U.S. Customs Service	7,000
Atomic Energy Commission b/	6,000
Civil Service Commission	5,000
Drug Enforcement Administration c/	<u>4,000</u>
Subtotal	322,000
<u>New Agencies</u>	
Environmental Protection Agency (1970)	11,000
Small Business Administration (1953)	<u>5,000</u>
TOTAL	338,000

SOURCE: Organization of Federal Executive Departments and Agencies, 1950 and 1976. U.S. Senate Committee on Government Operations.

- a/ Predecessor organization--National Advisory Committee for Aeronautics--was created in 1915.
- b/ Was reorganized into the Energy Research and Development Administration and the Nuclear Regulatory Agency in 1974.
- c/ Predecessor organization--Bureau of Narcotics--was established in 1930.

These include the Social Security Administration, Federal Aviation Administration, and the Public Health Service. Only a very small part of the growth can be attributed to newly created agencies such as the Environmental Protection Agency and the Small Business Administration. However, some of the growth in existing agencies did result from new responsibilities assigned to them (e.g., the medicare and supplemental security income programs in the Social Security Administration). Table 4 provides a listing of agencies that experienced major employment increases between 1950 and 1976. These agencies account for almost 80 percent of the total increase in employment in the "all other agencies" category between 1950 and 1976.

#### CHANGES IN FEDERAL ACTIVITIES

An assessment of the nature of employment changes is not complete without an understanding of the changes in the distribution of employment by federal program in addition to changes among agencies. From 1950 to 1976 there were only slight shifts in the distribution of federal employees among the three major program groupings of: (1) national security and international affairs; (2) postal services; and (3) all others.

These shifts consisted of:

- o the percent of total federal civilian employment devoted to national security and international affairs decreased by 2 percent (from 39 to 37 percent);
- o the percent of total federal civilian employment devoted to postal services decreased from 27 to 25 percent;
- o the percent of total federal civilian employment devoted to "all other programs" increased from 34 to 38 percent.

Table 5 shows that within the "all other programs" category, the largest increases in personnel were in

the areas of health and safety and in income security and social services. These categories had an increase of 151,900 employees, or 309 percent, between 1950 and 1976. In contrast, veterans programs--the function having the largest employment--experienced only a 12 percent increase during the same time period.

TABLE 5. DISTRIBUTION OF EMPLOYMENT WITHIN THE "ALL OTHER PROGRAMS" CATEGORY

	1950	1976	Percent Increase
Veterans Programs	196,300	219,900	12
Natural Resources & Energy	113,400	182,600	61
General Government	101,400	147,400	45
Commerce and Transportation	73,400	119,600	63
Health & Safety	31,200	120,700	287
Income Security & Social Services	17,900	80,300	349
Law Enforcement & Justice	<u>38,600</u>	<u>75,000</u>	<u>94</u>
Subtotal	572,200	945,500	65
Other	<u>92,400</u>	<u>137,600</u>	<u>49</u>
Total	664,600	1,083,100	63

SOURCE: Data compiled from U.S. Senate Committee on Government Operations Chart, "Organization of Federal Executive Departments and Agencies"; 1950, 1976.



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CHAPTER III THE COST OF THE FEDERAL WORK FORCE

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CURRENT PAYROLL COSTS

Payroll costs for the 2.8 million civilian employees in the executive branch were \$41.4 billion in fiscal year 1976. The costs of fringe benefits were an additional \$5.1 billion. <sup>1/</sup> As shown in Table 6 over half of the payroll costs (\$22 billion) were attributable to employees on the General Schedule pay system, which covers, with specific exceptions, white collar positions in the executive branch. The next largest expenditure was \$10 billion for the Postal Service--24 percent of total payroll costs. The Federal Wage System, the pay system covering employees in the trades, crafts, and labor occupations, accounted for \$6.8 billion of total payroll costs.

TABLE 6. DISTRIBUTION OF FEDERAL CIVILIAN PAYROLL COSTS BY PAY SYSTEM

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Pay System	Fiscal Year 1976 Payroll Costs (billions)
General Schedule	21.8 (53%)
Postal System	10.1 (24%)
Wage System	6.8 (17%)
Other	<u>2.7 (6%)</u>
Total	41.4 (100%)

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SOURCE: Fiscal Year 1976 Work Year and Personnel Costs Report, Office of Management and Budget, December 1, 1976.

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<sup>1/</sup> Represents direct costs of agency contributions for major benefits such as retirement, health insurance, life insurance, workmen's compensation, and overseas allowances.

## TRENDS IN PAYROLL COSTS

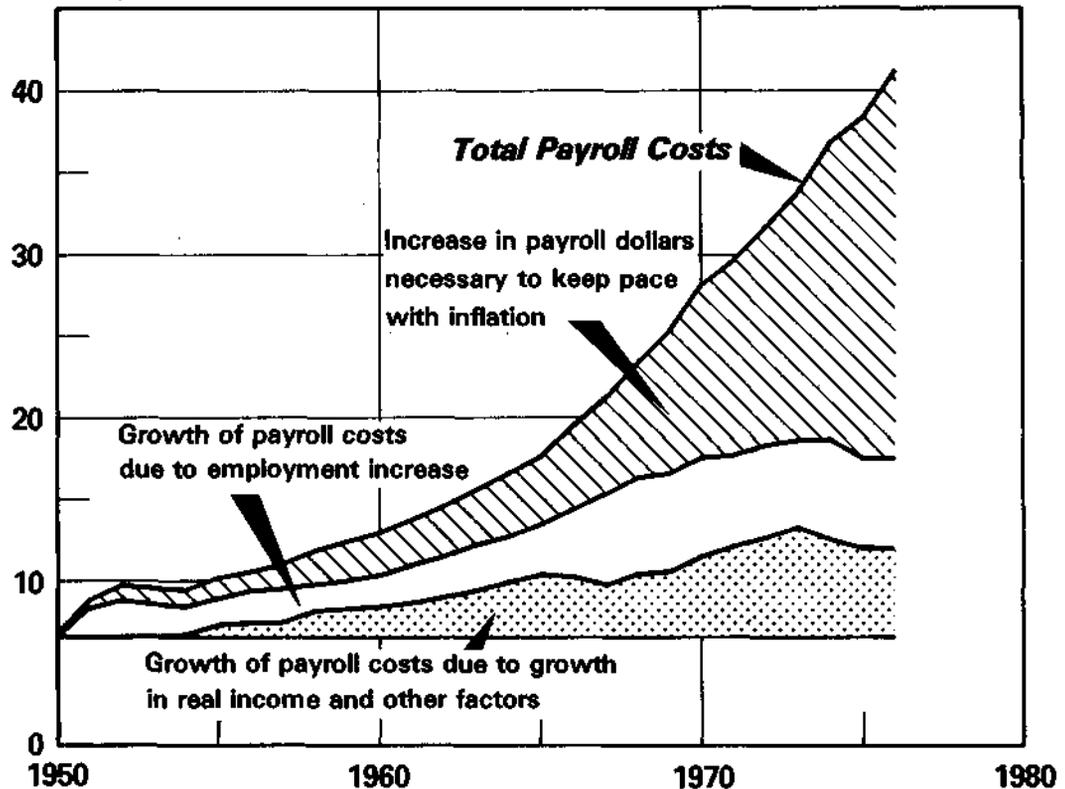
Payroll costs in the executive branch have risen significantly, increasing from \$6.8 billion in fiscal year 1950 to \$41.4 billion in fiscal year 1976. Two major reasons for this large increase are inflation and employment increases. Figure 2 shows the effect of these factors, as well as the growth of payroll costs associated with increases in real income. As the chart shows, the effect of inflation has been significant during the past few years.

Even though payroll costs have risen dramatically, they have declined as a proportion of the total federal budget from 16 percent in 1950 to about 11 percent in 1976.

Figure 2.

### Payroll Costs of Civilian Employment and Sources of Increase

BILLION \$



## PROJECTED PAYROLL COSTS

Future payroll costs for civilian employees in the executive branch are largely dependent on the procedures for adjusting federal pay. The current principle on which adjustments are based is comparability of federal pay with pay in the private sector. The annual adjustment is not a cost-of-living adjustment.

In terms of impact on the federal budget, the annual adjustment of the General Schedule (GS) pay system is the most significant. The GS system represents about 53 percent of total civilian payroll costs. The Federal Wage (Blue-Collar) and Postal Service are the two other major pay systems, representing 24 percent and 17 percent, respectively. Postal pay is set by collective bargaining between postal management and the postal unions. The Federal Wage rates are based on prevailing locality wage norms.

Assuming no change in current processes and no change in employment levels, except in the Postal Service, the cost of pay and benefits would reach \$63.9 billion by 1982. These numbers are reflected in Table 7.

In recent years serious consideration has been given to reforming the General Schedule and the pay adjustment process. The most recent review of the General Schedule and other major federal pay systems was by the President's Panel on Federal Compensation which issued its report in December, 1975. The panel made several major recommendations for improvements in the General Schedule and the methodology for setting pay.

TABLE 7. FIVE-YEAR COST PROJECTIONS FOR EXECUTIVE BRANCH PAYROLL AND BENEFITS, BILLIONS OF DOLLARS, FISCAL YEARS

Pay Plans	1977	1978	1979	1980	1981	1982
General Schedule and Related Civilian	27.1	28.7	30.4	32.1	33.8	35.6
U.S. Postal Service <u>a/</u>	11.7	12.3	13.2	14.1	15.0	16.1
Wage Board	8.4	8.6	9.2	9.7	10.2	10.8
Other	<u>1.0</u>	<u>1.1</u>	<u>1.2</u>	<u>1.2</u>	<u>1.3</u>	<u>1.4</u>
Total	48.2	50.7	54.0	57.1	60.3	63.9

SOURCE: CBO Background Paper No. 19, The Federal Government's Pay Systems: Adjustment Procedures and Impacts of Proposed Changes (February 1977).

a/ The U.S. Postal Service projected costs assume realization of reduced employment levels.

First, the panel recommended that the present General Schedule be split into a Clerical/Technical Service and a Professional/Administrative/Managerial/Executive Service. Once split into two separate schedules, pay for clerical/technical employees would be adjusted on a geographic locality basis; pay for professional/administrative personnel would be set on a national basis. Implementation of these recommendations would result in a cost reduction of \$560 million over the next five years. The panel also recommended that the principle of comparability be extended to include benefits as well as pay. This "total compensation" approach would represent a significant change in the methodology

for setting General Schedule pay, and could have a significant budgetary impact. 2/

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2/ For a more detailed discussion of the Pay Panel's recommendations, see CBO Background Paper: The Federal Government's Pay Systems: Adjustment Procedures and Impacts of Proposed Changes (February 1977).