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EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

AUG 29 1974

APPROVED
SEP 3 - 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 15842 - D.C. Police, Firemen, and
Teacher Pay
Sponsor - Rep. Diggs (D) Michigan

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To Archive
9/4*

Last Day for Action

September 3, 1974 - Tuesday

Purpose

Provides salary increases for D.C. policemen, firemen and teachers; establishes a salary setting mechanism for these employees after home rule goes into effect; increases annuities for certain retired D.C. teachers; amends substantially the basis and method for setting and administering the property tax on real estate; authorizes the D.C. Council to increase certain taxes to meet the cost of the employee pay increases; and makes numerous other changes in related laws.

Agency Recommendations

| | |
|---|---------------------------|
| Office of Management and Budget | Approval |
| District of Columbia | Approval |
| Civil Service Commission | Approval |
| Federal Mediation and Conciliation Service | Approval |
| National Capital Planning Commission | Approval |
| Department of the Treasury | No objection |
| Department of the Interior | No objection |
| Department of Housing and Urban Development | No objection |
| Smithsonian Institution | Defers to D.C. Government |



Discussion

Title I of H.R. 15842 provides for a 16 percent salary increase for D.C. policemen and firemen, retroactive to July 1, 1974. This would increase a private's beginning salary from \$10,000 to \$11,600. (The increase would also apply to the U.S. Park Police and the Executive Protective Service, since the pay of these Federal employees is based on that of the District police.) The D.C. Government had requested an increase of 10 percent. The last pay increase for policemen and firemen was for 17 percent, effective May 1, 1972.

In its views letter on the enrolled bill, the Civil Service Commission notes,

" . . . The last pay increase for these police and firemen was effective in May 1972. Since then, General Schedule pay rates have increased more than ten percent. On the basis of this comparison, a sixteen percent increase for these police and firemen would be very generous. However, another General Schedule pay increase is scheduled to become effective this October. If this anticipated General Schedule increase is included in the comparison, the sixteen percent increase for police and firemen does not appear to be unreasonable."

The cost of this increase for fiscal year 1975 would be \$18.5 million for D.C. policemen and firemen, \$2.45 million for the Executive Protective Service, and \$1.6 million for the Park Police.

Title I would establish procedures for an annual joint labor/management review of pay of policemen and firemen with recommendations by the Mayor to the City Council of any proposed changes.

Title I would also establish procedures for the settlement of labor disputes and collective bargaining negotiations between the District Government and representatives of the policemen and firemen, including mandatory arbitration in the case of an impasse. The District Government, in its views letter on the enrolled bill, objects to the mandatory arbitration provisions because they would remove the incentive for serious negotiations and because the factors to be considered by the arbitrators are not spelled out. It comments:

"Experience in both the private and public sectors indicates that compulsory and binding arbitration generally results in dissatisfaction by both parties and sets a foundation for future labor conflict."

In this connection, the Civil Service Commission comments in its views letter:

". . . we must point out that it would be extremely inappropriate, in our view, for the District of Columbia Government to be setting pay in the future for the Federal employees in the U.S. Park Police and the Executive Protective Service. Under current law, the officers and members of these two Federal police forces are paid at the same rates as the Metropolitan Police. We believe it is essential that this statutory pay linkage be severed before the District Government takes action, presumably during the second half of 1975, to change the pay rates for the Metropolitan Police."

The future relationship of Park Police and Executive Protective Service salaries and retirement benefits to those of D.C. police is currently under review in the Executive branch, and recommendations from that review will be forthcoming at a later date.

In addition, Title I would amend the policemen and firemen retirement system to provide that a retirement or disability annuity be based on a 12 month average, rather than the current highest day's salary. This would remove the incentive for retirement immediately after a pay raise or promotion, and according to the District Government can be expected to result in savings in pension costs.

Finally, Title I would require that an officer who seeks disability retirement without the concurrence of the Board of Police and Fire Surgeons has the burden of proving that the condition was caused or aggravated by the performance of duty. Currently, the burden of proof is on the Police or Firemen's Relief Board to show that performance of duty was not at fault. Disability retirements for the first half of 1974 accounted for 57 percent of all retirements. This provision should reduce that number significantly.

Title II would provide for a two-stage salary increase of 13 percent for D.C. teachers. A 10 percent raise would be effective September 1, 1974, with the remaining 3 percent to be effective on January 1, 1975. The District Government had requested a 10 percent increase effective January 1, 1975. The last teacher increase was for 12 percent in two stages -- 7 percent in September 1972 and 5 percent in September 1973. The trend nationally in recent years has been roughly a 6 percent annual raise. Thus, the teachers' increase in this bill is more liberal than the national trend. The 1975 cost of the teachers' pay raise is estimated at \$13.8 million. Title II also would provide for a yearly review by the Board of Education of teachers' salaries, and recommendations by it to the Mayor and by him to the City Council of any proposed changes. (Unlike the provision for policemen and firemen, this provision does not provide for joint review by labor and management or for arbitration.)

Title III would increase annuities by \$240 per year for teachers who retired prior to October 20, 1969, and by \$132 per year for their survivors. It would also provide that no teacher's annuity shall be less than the minimum amount provided for social security recipients, currently set at \$93.80. The District Government opposed this provision because of its cost, estimated at \$292,000 for fiscal year 1975. We note that similar provisions for retired Federal civil service annuitants were recently enacted in Public Law 93-273.

Title IV would extensively revise the real property tax system in the District. It would provide for assessment at 100 percent of the market value of real property, but would leave the setting of the tax rate itself to the City Council. Currently, real property is assessed at substantially less than 100 percent. Recent court challenges have upset present assessment procedures and have resulted in revenue losses for the District. H.R. 15842 would provide a legislative basis for assessments, require public notification, and establish an independent Board of Equalization and Review as part of a simplified appeals procedure. The District Government in its views letter, states that it would have preferred that these property tax changes be left for action by the new City Council. It especially objects to some of these changes taking effect immediately, since present law requires that the taxpayer receive the tax bill by September 1 and pay one-half of the amount due by September 30. There is not sufficient time now to recompute the tax bills by September 1.

While the new assessment procedures do not take effect until January 1975, the bill requires the property tax rate to be set high enough so as to raise at least \$146 million for fiscal year 1975. This will require a higher property tax rate to be set for fiscal year 1975, unless other taxes are raised by the City as noted below to offset the pay increases cost.

Title IV would also authorize the City Council, upon enactment of the bill, to raise certain taxes to help cover the cost of the salary increases. The taxes involved include income, sales, use, cigarette, alcohol and motor vehicle fuel taxes.

The cost of the salary increases for District employees are \$14.3 million more than that currently provided for in the District's budget and financial plan. The Mayor has indicated that he will propose to the City Council a financing plan to cover this deficit within the next few months.

This title would also provide tax relief and incentives to improve or rehabilitate residential, commercial and historical properties, and for tax relief for low income persons whose property tax exceeds a certain percentage of their income (the so-called "circuit-breaker" provisions). It would authorize an urban homestead program for properties acquired by the District Government at tax foreclosure sales and would repeal the District sales tax on live productions of the performing arts.

Title V would provide that the District Government may legislate changes to this bill after home rule goes into effect on January 2, 1975, subject to the limitations and prohibitions in the Home Rule Act.

In its views letter, the District Government makes the following comments on the budget impact of H.R. 15842:

"The fiscal year costs of the salary increases for District police and firemen are estimated at \$18.5 million and the costs for teachers and educational employees are estimated to be \$13.8 million, for a total in fiscal year 1975 of \$33.3 million. The additional costs of administration and the requirement of annual assessments in Title IV of H.R. 15842 are estimated at \$1 million, and in fiscal year 1976 the 'circuit breaker' provisions of Title IV will cost an estimated \$4.6 million and the repeal of the admissions tax on artistic performances will result in a revenue loss of approximately \$300,000.

"The estimated cost of the pay increases authorized by the enrolled bill exceeds the funding reserve established by the District Government by approximately \$14.3 million. Accordingly, we will carefully consider potential sources of funding and will propose the necessary and responsible actions needed to finance the employee pay increases for the consideration of the D.C. Council.

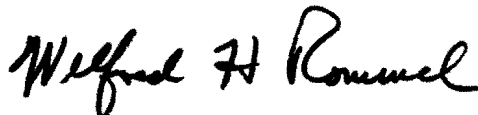
"Although the District would have preferred the acceptance of our recommendations, the enrolled bill contains many beneficial provisions as well as salary increases for employees whose pay has not been recently adjusted.

"The District Government recommends the approval of H.R. 15842."

The Senate version of the bill incorporated a one-time increase of \$14 million in the Federal payment to fund the major portion of the gap in fiscal year 1975 between the District's financial plan and the additional cost required under the bill. However, this provision was stricken in conference, and Rep. Natcher has indicated strong opposition to any Federal funding of the bill's added costs.

* * * * *

While we have reservations about various features of the bill and regard some of the pay increases as excessive, we do not believe these reservations are sufficiently serious as to warrant disapproval of the bill, particularly since the bill's subject matter is largely one of local concern under the home rule concept.



Assistant Director for
Legislative Reference

Enclosures



THE DISTRICT OF COLUMBIA

WASHINGTON, D.C. 20004

WALTER E. WASHINGTON
Mayor-Commissioner

AUG 28 1974

Mr. Wilfred H. Rommel
Assistant Director for
Legislative Reference
Office of Management and Budget
Washington, D.C.

Dear Mr. Rommel:

This is in reference to a facsimile of an enrolled enactment of Congress entitled:

H.R. 15842 - To increase compensation for District of Columbia policemen, firemen, and teachers; to increase annuities payable to retired teachers in the District of Columbia; to establish an equitable tax on real property in the District of Columbia; to provide for additional revenue for the District of Columbia; and for other purposes.

Part I of H.R. 15842 provides overall average salary increases for District policemen and firemen of 16 percent, retroactive to the first pay period beginning on or after July 1, 1974. The entrance salary for police and fire privates will be increased from \$10,000 to \$11,600 with a maximum salary after sixteen years of service of \$16,705.

Title I (Part I) of the enrolled bill also provides that helicopter pilots and bomb disposal officers shall receive \$2,270 per annum in addition to their scheduled rate of pay and that, in the event they are reassigned to other duties, the resulting reduction in salary will not be considered an adverse action; that an officer who leaves the service and is subsequently rehired within a three-year period,

may be brought back in at a private's salary not higher than the salary of the grade and step which he formerly held; and that in the event dog handlers are reassigned to other jobs or their positions are reclassified the resulting reduction in salary will not be considered an adverse action. It is further provided in Title I (Part I) that in the event technicians are reclassified as non-technicians a reduction in salary will not result and the bill provides for an 8% increase in the pay of technicians. Title I (Part I) of the enrolled bill also clarifies section 401 of the District of Columbia Police and Firemen's Salary Act of 1958 (D.C. Code, sec. 4-832) by providing that in computing continuous service only periods of satisfactory service in the police or fire departments and in the armed forces shall be counted. This title also redefines certain holidays for public safety personnel to conform to Federal three-day holiday designations.

Part 2 of Title I of the enrolled bill requires the Mayor to conduct an annual survey of the salaries and fringe benefits being paid police and firemen in the Washington Metropolitan Area and other cities of comparable size, including data as to the cost of living and comparable Federal and District classified salaries. The composition of the study committee and the dates when the results of the study shall be made public are specified in the bill.

This Part of Title I further provides that after January 2, 1975, the Mayor shall recommend to the Council any negotiated solution with respect to changes in compensation arrived at by collective bargaining and shall recommend that the Congress be requested to appropriate sufficient funds for that purpose; the first such recommendation to be made no later than October 1, 1975. It is also provided that, if the parties reach an impasse in negotiations, the Director of the Federal Mediation and Conciliation Service shall select a mediator and that, if mediation does not resolve the dispute, the Director is authorized, upon the request of either party, to submit the matter to binding arbitration.

Part 3 of Title I amends the Police and Firemen's Retirement and Disability Act by defining "average pay" as the highest annual rate resulting from averaging the salary in effect for any twelve consecutive months of police or fire service and substitutes "average pay" for "basic salary" in other parts of the Act. This basis for computing retirement or disability annuities of District police and firemen replaces the current method of calculation based on the highest day's salary paid and is comparable to procedures used for most other government retirees.

Part 3 also establishes through legislation a Police and Firemen's Retirement and Relief Board and provides that members seeking disability retirement without the supporting recommendation of the Board of Police and Fire Surgeons shall themselves have the burden of proof in proceedings before the new Board. It is further provided that employment questionnaires or medical examinations of members who have reached the age of 50 shall not be required.

Title II of the enrolled bill amends the Teachers' Salary Act of 1955 and contains other provisions to provide: (1) salary increases to educational employees covered by the Act; (2) minimum annual reporting requirements regarding future salary adjustments; (3) establishment of a five year teaching certificate, and (4) certain degree requirements for attendance officers and child labor inspectors.

Section 202 provides salary increases to educational employees covered by the Teachers' Salary Act of 1955 in two steps - a 10 percent increase effective September 1, 1974 and a 3 percent increase effective January 1, 1975. The starting salary for a teacher with a bachelor's degree will be increased from \$8,350 to \$9,650. The Superintendent's salary, however, is limited in both instances so as not to exceed that payable at level III of the Executive Schedule. All other employees are limited to the amount payable at level V of the Executive Schedule. Section 202 also contains a similar two-step increase for teachers and administrators serving in the summer school and adult education programs.

Section 203 of the bill establishes an annual process for salary review beginning in 1975, which requires the Board of Education to submit to the Mayor by March 1 information regarding changes in the cost of living since the last salary increase for teachers, salaries of teachers in cities of comparable size and in the other jurisdictions in the Washington Metropolitan Area. The Mayor in turn is required to submit this information to the Council with his recommendations with respect to compensation and other related matters.

Section 204(a) creates a five-year renewable teaching certificate for all employees in class 15 of the salary schedule. Renewals are dependent upon application and six hours of appropriate credit earned during the preceding five-year period. The Board of Education is authorized to establish appropriate rules and regulations to carry out this provision.

Section 204(b) allows persons possessing thirty appropriate semester hours (as determined by the Board of Education) to qualify for class 15, group B. Currently a masters degree is required for this group.

Section 205 returns to law the degree requirement that was removed in 1972 for the positions of attendance officer and child labor inspector.

Title III of the enrolled bill amends the Act entitled "An Act for the retirement of public school teachers in the District of Columbia, to (1) provide a minimum monthly annuity equivalent to the minimum provided for social security recipients under Title II of the Social Security Act; and (2) increase by flat-dollar amounts all annuities, based on separation effected prior to October 20, 1969. The increase is \$240 per year for teacher retirees and \$132 per year for survivor annuitants. The increases made by these amendments are the same as those provided persons covered under the Civil Service retirement system by P. L. 93-273.

Title IV of the enrolled bill, which may be cited as the "District of Columbia Real Property Tax Revision Act of 1974", extensively revises the real property tax rate structure in the District. Sections 411,

412, and 413 provide new procedures for establishing the real property tax rate. These sections, in addition to section 461, are effective for fiscal year 1975. Briefly, the Commissioner is required to certify to the Council, within 30 days after the Act becomes law, that tax rate which when applied to the estimated 1975 property tax base, exclusive of new construction, will produce the same amount of revenue as was produced from the property tax at the rate that was in effect in the immediately preceding fiscal year, i.e., the \$3.32 rate of fiscal year 1974 which produced approximately \$138.3 million. This rate (the computed rate) will automatically become the "actual" or legal tax rate unless the Council acts within 30 days to set another rate other than the "computed rate".

Section 415 requires that comparative studies be made by the Council to indicate relative tax rates and burdens for jurisdictions within the Metropolitan Area of Washington and for other cities to assure that tax burdens in the District are reasonably comparable to other jurisdictions here and elsewhere.

Subpart B of Title IV relating to assessment and administration provides the following major provisions:

1. Property will be assessed at 100% of its estimated market value;
2. Reassessment must take place every (2) years at a minimum, with annual assessments by fiscal year 1978;
3. Requires the Commissioner to provide a full disclosure policy so that the taxpayer and the assessor shall have all needed information in order to furnish full public information regarding the administration of the real property tax laws;
4. Requires the Commissioner to propose within 45 days, and the Council to enact within 90 days after the effective date of the title, regulations with respect to assessment and administration of the property tax; and
5. Establishes a new Board of Equalization and Review effective on January 1, 1975, with new and additional functions and duties.

Section 430 provides that the Council shall have the authority to establish by regulation a homestead exemption of up to \$3,000 for low and moderate income families who rent or own single family homes. The exemption would be limited to some yet to be determined income ceiling and would be restricted to row, detached, or semi-detached dwellings.

Section 431 authorizes the Council to establish certain tax incentive programs for rehabilitation of property, new construction, and for other purposes.

Section 435 provides a tax deferral program, if the taxpayers' property tax burden increases by more than ~~10%~~ ^{10.31%} over the immediately preceding year. The taxpayer would be eligible for a tax deferral if he meets all other eligibility requirements which are specified in section 435(a)(1) through (7). Taxes deferred bear interest at the average Treasury bill rate for the preceding 12 months and such rate is to be certified by the Secretary of the Treasury. The amount of taxes plus interest deferred cannot exceed 10% of the current assessed value of the taxpayers property. The taxes deferred and interest thereon shall constitute a preferential lien upon the taxpayers property payable by the seller when transferred.

Sections 437 and 438 would permit the District Government to take title to property which it bids in at a tax sale, and to use such properties for an urban homesteading or similar program.

Section 441 provides a new and additional property tax exemption for property used for legitimate theater, music, or dance purposes.

Part 4 of Title IV will allow, effective January 1, 1975, District homeowners and renters having household incomes equal to or less than \$6,999 a property tax credit or rebate if the property taxes paid, or rent constituting property taxes paid, exceed a prescribed percentage of their annual household income. The first \$400 of taxes paid, or rent constituting property taxes paid may be used in computing relief, thereby restricting the maximum relief or credit to \$320. The annual cost of this provision is estimated at \$5.1 million, including costs of administration.

Part 6 of Title IV empowers the Council, on the effective date of the bill, to increase the rates of the income, sales, use, cigarette, alcoholic beverage, motor fuels, and other taxes in order to provide additional revenue for the pay increases provided in other titles of the bill. Section 473 eliminates the charging of the current 5 percent sales tax on admissions to live performances of the various arts specified therein. It is estimated that this exemption will result in a loss of \$300,000 in sales tax revenues.

The District Government supports the salary increases for police, firemen, and teachers contained in the enrolled bill. Throughout the Congressional deliberations, the District Government pointed out a number of concerns which the various versions of the proposed legislation presented to the city. A number of these concerns remain a part of the enrolled bill and are outlined below.

In draft legislation submitted to the Congress on April 24, 1974 and May 29, 1974, the District Government proposed an average increase of ten percent in the salaries of police and firemen effective July 1, 1974, and an increase of ten percent in the salaries of teachers and other educational employees effective January 1, 1975.

The District Government's proposed pay increases were considered in the context of the city's policies for financing the fiscal year 1975 budget. In formulating the budget, we recognized the need to provide salary increases for police officers, firemen, and teachers and included in our initial estimates of 1975 spending requirements the sum needed for what we believed to be fair, reasonable, and comparable pay raises. By directing the city agencies to make certain economies, we were able to develop a 1975 financial plan for meeting our essential requirements, including the proposed pay raises, without requesting increases in local tax rates. Almost every major tax rate had been increased within the last several years, and it was our judgment that the city's competitive position in the metropolitan area would be weakened by additional tax increases in the near future. The financing of our proposed salary increases was included in our 1975 financial plan. We believed that this approach was preferable to one that ties pay increases for specific groups of employees to tax increases.

The cost of the District's pay increase proposal for police officers and firemen was estimated at \$11.4 million for fiscal year 1975. This increase could

have been funded within the proposed financial plan for fiscal year 1975, which indicates our determination to consider salary increases for policemen and firemen within the same budgetary framework applied to all other employees.

The estimated cost for the proposed teachers' salary increase, effective January 1, 1975, would be \$6.6 million for fiscal year 1975 and \$11.0 for a full fiscal year. The estimated 1975 cost can be funded within our financial plan.

Salary increases above the amounts we proposed, as are authorized by H.R. 15842, cannot be financed without additional sources of revenue or a curtailment of services and programs, or both.

Among other major provisions of the enrolled bill to which the District Government interposed strong objections to the Congress is included the procedural functions outlined in Part 2 of Title I. Section III authorizes the establishment of a joint labor-management salary and benefits study committee to conduct annual surveys of the compensation and other working conditions of District police and firemen. It is the view of the District Government that a joint labor-management survey would inhibit local and national jurisdictions from participating because the information would be made available to the unions here and, through them, to their counterparts in the localities surveyed, thereby undermining management bargaining strategies. District management would likewise be limited in its ability to bargain effectively on pay and related matters. A joint survey would not alleviate each party's need for privileged data.

Section 112 imposes mandatory arbitration of collective bargaining impasses. We believe that this means of settlement would remove the incentive for the parties to engage in the give and take of serious negotiations when they know that a third party will eventually decide the issues for them. Section 112 does not identify the factors to be considered by the arbitrators; does not allow for other means of settlement, for example a tripartite board of arbitrators that the parties may agree upon; and it does not provide for sharing the considerable cost of arbitration. Experience in both the private and public sectors indicates that compulsory and binding arbitration generally results in dissatisfaction by both parties and sets a foundation for future labor conflict.

The District would have preferred that the substantive changes in the real property tax laws be left for review and study by the new Council of the District of Columbia. Among other things, we consistently urged that the effective date of the assessment provisions of Title IV of H.R. 15842 be changed from 1974 to fiscal year 1976. Present law requires that tax bills be received by the taxpayer by September 1st of each year and that one-half of the amount due be paid by September 30th. It is not possible to recompute tax bills by the September 1st date. The publication requirements, especially those of section 424(d) will be extremely costly to the District, and the publication requirements for assessment ratios will present administrative difficulties in that this section refers to an entity called a "neighborhood" without otherwise defining the term.

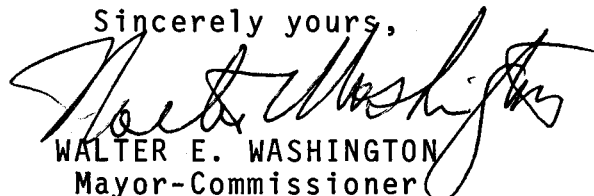
The fiscal year costs of the salary increases for District police and firemen are estimated at \$18.5 million and the costs for teachers and educational employees are estimated to be \$13.8 million, for a total in fiscal year 1975 of \$33.3 million. The additional costs of administration and the requirement of annual assessments in Title IV of H.R. 15842 are estimated at \$1 million, and in fiscal year 1976 the "circuit breaker" provisions of Title IV will cost an estimated \$4.6 million and the repeal of the admissions tax on artistic performances will result in a revenue loss of approximately \$300,000.

The estimated cost of the pay increases authorized by the enrolled bill exceeds the funding reserve established by the District Government by approximately \$14.3 million. Accordingly, we will carefully consider potential sources of funding and will propose the necessary and responsible actions needed to finance the employee pay increases for the consideration of the D.C. Council.

Although the District would have preferred the acceptance of our recommendations, the enrolled bill contains many beneficial provisions as well as **salary increases** for employees whose pay has not been recently adjusted.

The District Government recommends the approval of H.R. 15842.

Sincerely yours,



WALTER E. WASHINGTON
Mayor-Commissioner



CHAIRMAN

UNITED STATES CIVIL SERVICE COMMISSION

WASHINGTON, D.C. 20415

August 27, 1974

Honorable Roy L. Ash
Director
Office of Management and Budget

Attention: Assistant Director for Legislative Reference

Dear Mr. Ash:

This is in response to your request for the views and recommendation of the Civil Service Commission on enrolled bill H.R. 15842, a bill "To increase compensation for District of Columbia policemen, firemen, and teachers; to increase annuities payable to retired teachers in the District of Columbia; to establish an equitable tax on real property in the District of Columbia; to provide for additional revenue for the District of Columbia; and for other purposes."

Title I of enrolled bill H.R. 15842 deals with pay and retirement benefits for police and firemen in the District of Columbia. Part 1 of title I of the enrolled bill would provide a sixteen percent pay increase for the Metropolitan Police force, the District of Columbia Fire Department, the U. S. Park Police, and the Executive Protective Service, retroactive to the first pay period beginning on or after July 1, 1974. The last pay increase for these police and firemen was effective in May 1972. Since then, General Schedule pay rates have increased more than ten percent. On the basis of this comparison, a sixteen percent increase for these police and firemen would be very generous. However, another General Schedule pay increase is scheduled to become effective this October. If this anticipated General Schedule increase is included in the comparison, the sixteen percent increase for police and firemen does not appear to be unreasonable.

The first part of title I also contains certain revisions in pay administration rules for police and firemen. Since the Civil Service Commission is not involved in the administration of the pay system for police and firemen, we defer to the views of the District of Columbia Government on these provisions.

Part 2 of title I of the enrolled bill would establish a procedure by which the District of Columbia Government would determine pay increases for police and firemen in the future. This part also provides a procedure for the resolution of collective bargaining disputes between the District Government and the police and firemen. We defer to the views of the District Government on the suitability of these procedures insofar as they would affect the Metropolitan Police force and the District of Columbia Fire Department. However, we must point out that it would be extremely inappropriate, in our view, for the District of Columbia Government to be setting pay in the future for the Federal employees in the U.S. Park Police and the Executive Protective Service. Under current law, the officers and members of these two Federal police forces are paid at the same rates as the Metropolitan Police. We believe it is essential that this statutory pay linkage be severed before the District Government takes action, presumably during the second half of 1975, to change the pay rates for the Metropolitan Police.

Part 3 of title I of the enrolled bill would make certain changes in the retirement system for District police and firemen. This retirement system covers the U. S. Park Police, the Executive Protective Service, and certain members of the Secret Service, as well as District of Columbia police and firemen. Currently, annuities under this retirement system are based on the highest day's salary an employee under the system has ever received. The enrolled bill would provide that annuities would instead be based on the highest average annual salary an employee has received during any twelve consecutive months of service. The enrolled bill would also make certain changes which are expected to reduce the number of disability retirements under the police and firemen's retirement system. We believe these provisions of the enrolled bill are desirable.

Title II of enrolled bill H.R. 15842 would provide a ten percent pay increase for District of Columbia school teachers, effective on September 1, 1974, and an additional three percent to become effective on January 1, 1975. These teachers received their last pay increase in September 1973, and a ten percent pay increase a year later, to be followed four months later by an additional three percent, appears to us to be extremely generous. However, we will defer to the views of the District of Columbia Government on this subject.

Title III of the enrolled bill would provide a minimum monthly annuity for retired District of Columbia school teachers. This minimum annuity would be the same as the smallest amount payable to Social Security recipients (currently \$93.80 a month). An identical provision for a minimum monthly annuity was added to the Civil Service Retirement law this year by Public Law 93-273. It appears appropriate to us for the retirement system for District school teachers to also include a provision for a minimum annuity.

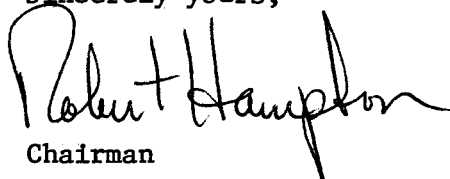
Title IV of the enrolled bill would make certain changes in the real property tax system in the District of Columbia, and would also make certain other changes in the tax laws for the District. We have no comment on these provisions.

Title V of the enrolled bill makes it clear that no provision of H.R. 15842 would restrict the authority of the District of Columbia Council to enact, after January 2, 1975, any act, resolution, or regulation relating to any matter covered by H.R. 15842. We have no comment on this provision.

The Civil Service Commission recommends, from the standpoint of the Federal personnel system, that the President sign enrolled bill H.R. 15842 into law.

By direction of the Commission:

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Robert Hampton". The signature is written in black ink and is positioned above the printed name "Chairman".

Chairman

FEDERAL MEDIATION AND CONCILIATION SERVICE

UNITED STATES GOVERNMENT

WASHINGTON, D.C. 20427

August 23, 1974

OFFICE OF THE DIRECTOR

Mr. W. H. Rommel
Assistant Director for Legislative Reference
Office of Management and Budget
Washington, D. C. 20503

Attention: Mrs. Garziglia

Dear Mr. Rommel:

This will respond to your request of August 22, 1974 for our views regarding H. R. 15842.

We have reviewed those sections of the bill which affect the Federal Mediation and Conciliation Service, in particular Title I, Sections 111 and 112. While we foresee no major problems in carrying out the responsibilities assigned to us by this legislation, I would point out two matters that may require clarification.

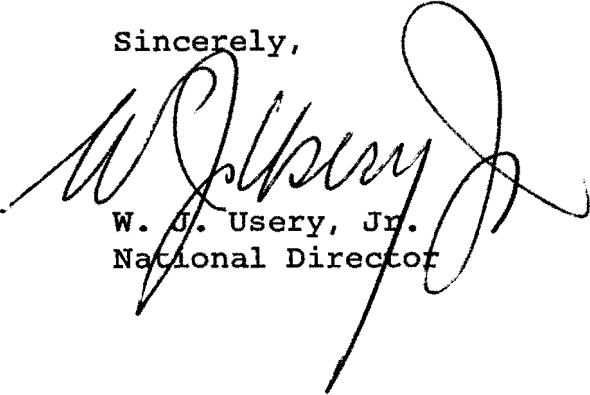
Section 112(c) requires the Director of the FMCS, upon notification that an impasse exists, to select "an impartial person experienced in public sector disputes to serve as a mediator." Section 112(e) goes on to specify how such a person should be compensated. While the language of Section 112(c) is not clear, we would assume that it was the intent of Congress that the FMCS proffer the services of one of its experienced mediators, in keeping with their intent in Title II of the Labor-Management Relations Act, 1947, as amended. Indeed, it has been our practice in the past to do so upon the request of the parties in public sector disputes in the District of Columbia.

In addition, it appears to me that there may be some inconsistent language in Section 112. This Section 112(c) addresses itself to the impasse procedure to be followed in negotiations on or before the expiration date of existing collective bargaining agreements, but makes no mention of any impasse procedure for initial contract disputes. However, Section 112(d) states that if the procedures in subsection (c) are implemented, the status quo in effect prior to contract expiration date or prior to impasse in initial contract bargaining remains in effect until the mediation and/or arbitration is completed. Despite the language in Section 112(d), it does not appear that Congress has expressly made the impasse procedure applicable to initial contract disputes. In our view the impasse procedure in Section 112(c) should be as applicable in both contract renewal and initial contract disputes, and perhaps the statutory language or congressional intent could be clarified to so reflect.

We think that the purposes and objectives of Title I of this bill are sound from the point of view of labor-management relations and, notwithstanding the exception of the two examples of statutory language which perhaps could be clarified to better express congressional intent, we recommend that the President sign this legislation.

Should you wish to discuss this legislation further, I suggest that you contact our General Counsel, Herbert Fishgold; his telephone number is 961-3714.

Sincerely,



W. J. Usery, Jr.
National Director

NATIONAL CAPITAL PLANNING COMMISSION

WASHINGTON, D.C. 20576

August 26, 1974

Mr. Wilfred H. Rommel
Assistant Director for
Legislative Reference
Office of Management and Budget
Executive Office of the President
Washington, D.C. 20503

Dear Mr. Rommel:

Reference is made to your recent request for the Commission's comments on enrolled bill H.R. 15842, an Act "To increase compensation for District of Columbia policemen, firemen, and teachers; to increase annuities payable to retired teachers in the District of Columbia; to establish an equitable tax on real property in the District of Columbia; to provide for additional revenue for the District of Columbia; and for other purposes."

The Commission has no objection to the enactment of this legislation and recommends approval by the President.

Sincerely yours,



Donald F. Bozarth
Acting Executive Director



THE GENERAL COUNSEL OF THE TREASURY
WASHINGTON, D.C. 20220

AUG 26 1974

Director, Office of Management and Budget
Executive Office of the President
Washington, D. C. 20503

Attention: Assistant Director for Legislative
Reference

Sir:

Your office has requested the views of this Department on the enrolled enactment of H.R. 15842, "To increase compensation for District of Columbia policemen, firemen, and teachers; to increase annuities payable to retired teachers in the District of Columbia; to establish an equitable tax on real property in the District of Columbia; to provide for additional revenue for the District of Columbia; and for other purposes."

The enrolled enactment, insofar as its principal provisions are of primary interest to this Department, would (1) increase the salary of members of the Executive Protective Service by 16%, retroactive to the first pay period beginning after July 1, 1974; and (2) provide for the computation of retirement benefits on the basis of the highest rate of pay in effect over a consecutive 12-month period in lieu of on the basis of the highest day's salary.

The Department would have no objection to a recommendation that the enrolled enactment be approved by the President insofar as the foregoing provisions are concerned. The cost of the salary increase that would be provided the members of the Executive Protective Service is estimated at approximately \$2,450,000 for fiscal year 1975.

The Department has noted that Part 2 of Title I of the enrolled enactment would provide for an annual study and recommendations with respect to the pay and conditions of employment of District police and firemen. The study would not encompass the salaries of members of the Executive Protective Service. It has also been noted that the members of the Executive Protective Service would remain under the District police and firemen's retirement system and section 122 of Part 3 of Title I of the enrolled enactment would reconstitute the Police and Firemen's Retirement and Relief Board, but the Board

would have no Federal representation. In that connection, the Office of Management and Budget in a report dated June 10, 1974 to Representative Rees stated that the issue of the future status of U.S. Park Police and Executive Protective Service employees with respect to future salary legislation and pension funding is complex; that these problems are currently under review by the Executive Branch; and that as soon as these issues are resolved appropriate recommendations will be presented to the Congress. The Department would like to take this opportunity to request that it be permitted to participate in the foregoing review.

Sincerely yours,


General Counsel



United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

AUG 23 1974

Dear Mr. Ash:

This responds to your request for the views of this Department on the enrolled bill H.R. 15842, "To increase compensation for District of Columbia policemen, firemen, and teachers; to increase annuities payable to retired teachers in the District of Columbia; to establish an equitable tax on real property in the District of Columbia; to provide for additional revenue for the District of Columbia; and for other purposes."

We would have no objection to approval of the bill by the President.

H.R. 15842 is an omnibus bill consisting of four related pay and revenue measures to provide pay increases for District of Columbia police, firemen, and teachers, to increase annuities for retired public school teachers who retired prior to October, 1969, and to establish an equitable tax on real property in the District of Columbia.

Sincerely yours,

Acting Assistant Secretary of the Interior

Honorable Roy L. Ash
Director
Office of Management and Budget
Washington, D. C.



Save Energy and You Serve America!



THE GENERAL COUNSEL OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D. C. 20410

AUG 27 1974

Mr. Wilfred H. Rommel
Assistant Director
Legislative Reference
Office of Management and Budget
Washington, D. C. 20503

Attention: Mrs. Garziglia

Dear Mr. Rommel:

Subject: H. R. 15842, 93d Congress
Enrolled Enactment

This is in response to your request for our views on the enrolled enactment of H. R. 15842, an Act "To increase compensation for District of Columbia policemen, firemen, and teachers; to increase annuities payable to retired teachers in the District of Columbia; to establish an equitable tax on real property in the District of Columbia; to provide for additional revenue for the District of Columbia; and for other purposes."

The enrolled enactment would amend and increase the present salary schedule for District of Columbia policemen and firemen, and provide for an increase in the salaries and annuities of District of Columbia teachers. In addition, the enactment would revise the procedures for establishing District real property tax rates and provide for assessments based on 100 percent of market value. Tax relief would be granted for low-income homeowners and renters and for historic properties, and tax incentives would be provided for property rehabilitation.

Of particular interest to this Department are those provisions of the enactment authorizing the District of Columbia Council to establish a program under which property acquired

by tax sale may be transferred to persons who guarantee to occupy and pay taxes on such property for at least five years, and to bring the property into reasonable compliance with District codes. In testifying on proposed "homesteading" legislation for the District of Columbia introduced earlier in this session of Congress, we had expressed our concern that legislation providing for a large-scale homesteading program for the District with a detailed statutorily imposed framework would be premature in view of recently enacted Home Rule legislation. We believe, however, that the "homesteading" type of authority proposed under the enactment is discretionary in nature and sufficiently flexible to enable the District government to determine the scope of any such program and how it may best be implemented.

The Department of Housing and Urban Development would have no objection to approval of the enrolled enactment.

Sincerely,



Robert R. Elliott



SMITHSONIAN INSTITUTION

Washington, D. C. 20560
U.S.A.

August 26, 1974

Mr. Wilfred H. Rommel
Assistant Director for
Legislative Reference
Office of Management and Budget
Executive Office of the President
Washington, D. C. 20503

Dear Mr. Rommel:

Thank you for referring to the Smithsonian Institution for comment enrolled bill H. R. 15842 to increase compensation for District of Columbia policemen, firemen, and teachers; to increase annuities payable to retired teachers in the District of Columbia; to establish an equitable tax on real property in the District of Columbia; to provide for additional revenue for the District of Columbia; and for other purposes.

The Smithsonian Institution expressed strong objection to Section 471 (a) (3) of the House-passed version of the bill which provided that:

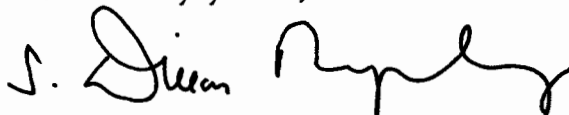
"Real and personal property owned by any instrumentality or independent agency of the United States or of the District of Columbia which, under the laws of the United States, or the District of Columbia is exempt from taxation, except property of any instrumentality or independent agency of the United States or the District of Columbia which, for a period in excess of thirty days, is leased or otherwise made available for use by any person for commercial purposes, in which case, however, no tax shall be assessed against the property of any such instrumentality or agency, but the lessee or

user of the property shall be subject to a tax for the entire period of such use or possession at the same rates and in the same amount and to the same extent as though the lessee or user were the owner of the property."

However, that section, as well as Section 471 (a) (1) and (2) pertaining to property of the United States and property of the District of Columbia, are not included in the enrolled bill, and the Smithsonian, therefore, withdraws its objection.

Inasmuch as the substance of H. R. 15842 falls within the purview of the Government of the District of Columbia, we would respectfully defer thereto for recommendations on the enrolled bill.

Sincerely yours,

A handwritten signature in black ink, appearing to read "S. Dillon Ripley". The signature is written in a cursive style with a large, sweeping "S" at the beginning and a long, horizontal flourish at the end.

S. Dillon Ripley
Secretary

THE WHITE HOUSE
WASHINGTON

ENROLLED BILL

SUBJECT: Enrolled Bill H. R. 15842 - D. C.

Police, Firemen, and Teacher Pay

| <u>Name</u> | <u>Approval</u> | <u>Date</u> |
|-----------------------------|-----------------------------|-----------------------------|
| <u>James Cavanaugh</u> | <u>Yes</u> | <u> </u> |
| <u>Andre Buckles</u> | <u>Yes</u> | <u> </u> |
| <u>Phil Buchen</u> | <u>Yes</u> | <u> </u> |
| <u>Bill Timmons</u> | <u>Yes</u> | <u> </u> |
| <u>Ken Cole</u> | <u>C</u> | <u> </u> |
| <u> </u> | <u> </u> | <u> </u> |
| <u> </u> | <u> </u> | <u> </u> |
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| <u> </u> | <u> </u> | <u> </u> |

Comments:

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 336

Date: August 29, 1974

Time:

6:00 p. m.

FOR ACTION: James Cavanaugh

cc (for information): Warren K. Hendriks

✓ Andre Buckles - *defers to subcommittee*

Jerry Jones

✓ Phil Buchen

✓ Bill Timmons

FROM THE STAFF SECRETARY

DUE: Date: Friday, August 30, 1974

Time:

2:00 p. m.

SUBJECT: Enrolled Bill H. R. 15842 - D. C. Police, Firemen, and Teacher Pay

ACTION REQUESTED:

___ For Necessary Action

XX For Your Recommendations

___ Prepare Agenda and Brief

___ Draft Reply

___ For Your Comments

___ Draft Remarks

REMARKS:

Please return to Kathy Tindle - West Wing

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.

K. R. COLE, JR.
For the President

To -
Shaun Hendricks
8-29-74

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

AUG 29 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 15842 - D.C. Police, Firemen, and
Teacher Pay
Sponsor - Rep. Diggs (D) Michigan

Last Day for Action

September 3, 1974 - Tuesday

Purpose

Provides salary increases for D.C. policemen, firemen and teachers; establishes a salary setting mechanism for these employees after home rule goes into effect; increases annuities for certain retired D.C. teachers; amends substantially the basis and method for setting and administering the property tax on real estate; authorizes the D.C. Council to increase certain taxes to meet the cost of the employee pay increases; and makes numerous other changes in related laws.

Agency Recommendations

| | |
|--|---------------------------|
| Office of Management and Budget | Approval |
| District of Columbia | Approval |
| Civil Service Commission | Approval |
| Federal Mediation and Conciliation Service | Approval |
| National Capital Planning Commission | Approval |
| Department of the Treasury | No objection |
| Department of the Interior | No objection |
| Department of Housing and Urban Development | No objection |
| Smithsonian Institution | Defers to D.C. Government |



Discussion

Title I of H.R. 15842 provides for a 16 percent salary increase for D.C. policemen and firemen, retroactive to July 1, 1974. This would increase a private's beginning salary from \$10,000 to \$11,600. (The increase would also apply to the U.S. Park Police and the Executive Protective Service, since the pay of these Federal employees is based on that of the District police.) The D.C. Government had requested an increase of 10 percent. The last pay increase for policemen and firemen was for 17 percent, effective May 1, 1972.

In its views letter on the enrolled bill, the Civil Service Commission notes,

" . . . The last pay increase for these police and firemen was effective in May 1972. Since then, General Schedule pay rates have increased more than ten percent. On the basis of this comparison, a sixteen percent increase for these police and firemen would be very generous. However, another General Schedule pay increase is scheduled to become effective this October. If this anticipated General Schedule increase is included in the comparison, the sixteen percent increase for police and firemen does not appear to be unreasonable."

The cost of this increase for fiscal year 1975 would be \$18.5 million for D.C. policemen and firemen, \$2.45 million for the Executive Protective Service, and \$1.6 million for the Park Police.

Title I would establish procedures for an annual joint labor/management review of pay of policemen and firemen with recommendations by the Mayor to the City Council of any proposed changes.

Title I would also establish procedures for the settlement of labor disputes and collective bargaining negotiations between the District Government and representatives of the policemen and firemen, including mandatory arbitration in the case of an impasse. The District Government, in its views letter on the enrolled bill, objects to the mandatory arbitration provisions because they would remove the incentive for serious negotiations and because the factors to be considered by the arbitrators are not spelled out. It comments:

"Experience in both the private and public sectors indicates that compulsory and binding arbitration generally results in dissatisfaction by both parties and sets a foundation for future labor conflict."

In this connection, the Civil Service Commission comments in its views letter:

". . . we must point out that it would be extremely inappropriate, in our view, for the District of Columbia Government to be setting pay in the future for the Federal employees in the U.S. Park Police and the Executive Protective Service. Under current law, the officers and members of these two Federal police forces are paid at the same rates as the Metropolitan Police. We believe it is essential that this statutory pay linkage be severed before the District Government takes action, presumably during the second half of 1975, to change the pay rates for the Metropolitan Police."

The future relationship of Park Police and Executive Protective Service salaries and retirement benefits to those of D.C. police is currently under review in the Executive branch, and recommendations from that review will be forthcoming at a later date.

In addition, Title I would amend the policemen and firemen retirement system to provide that a retirement or disability annuity be based on a 12 month average, rather than the current highest day's salary. This would remove the incentive for retirement immediately after a pay raise or promotion, and according to the District Government can be expected to result in savings in pension costs.

Finally, Title I would require that an officer who seeks disability retirement without the concurrence of the Board of Police and Fire Surgeons has the burden of proving that the condition was caused or aggravated by the performance of duty. Currently, the burden of proof is on the Police or Firemen's Relief Board to show that performance of duty was not at fault. Disability retirements for the first half of 1974 accounted for 57 percent of all retirements. This provision should reduce that number significantly.

Title II would provide for a two-stage salary increase of 13 percent for D.C. teachers. A 10 percent raise would be effective September 1, 1974, with the remaining 3 percent to be effective on January 1, 1975. The District Government had requested a 10 percent increase effective January 1, 1975. The last teacher increase was for 12 percent in two stages -- 7 percent in September 1972 and 5 percent in September 1973. The trend nationally in recent years has been roughly a 6 percent annual raise. Thus, the teachers' increase in this bill is more liberal than the national trend. The 1975 cost of the teachers' pay raise is estimated at \$13.8 million. Title II also would provide for a yearly review by the Board of Education of teachers' salaries, and recommendations by it to the Mayor and by him to the City Council of any proposed changes. (Unlike the provision for policemen and firemen, this provision does not provide for joint review by labor and management or for arbitration.)

Title III would increase annuities by \$240 per year for teachers who retired prior to October 20, 1969, and by \$132 per year for their survivors. It would also provide that no teacher's annuity shall be less than the minimum amount provided for social security recipients, currently set at \$93.80. The District Government opposed this provision because of its cost, estimated at \$292,000 for fiscal year 1975. We note that similar provisions for retired Federal civil service annuitants were recently enacted in Public Law 93-273.

Title IV would extensively revise the real property tax system in the District. It would provide for assessment at 100 percent of the market value of real property, but would leave the setting of the tax rate itself to the City Council. Currently, real property is assessed at substantially less than 100 percent. Recent court challenges have upset present assessment procedures and have resulted in revenue losses for the District. H.R. 15842 would provide a legislative basis for assessments, require public notification, and establish an independent Board of Equalization and Review as part of a simplified appeals procedure. The District Government in its views letter, states that it would have preferred that these property tax changes be left for action by the new City Council. It especially objects to some of these changes taking effect immediately, since present law requires that the taxpayer receive the tax bill by September 1 and pay one-half of the amount due by September 30. There is not sufficient time now to recompute the tax bills by September 1.

While the new assessment procedures do not take effect until January 1975, the bill requires the property tax rate to be set high enough so as to raise at least \$146 million for fiscal year 1975. This will require a higher property tax rate to be set for fiscal year 1975, unless other taxes are raised by the City as noted below to offset the pay increases cost.

Title IV would also authorize the City Council, upon enactment of the bill, to raise certain taxes to help cover the cost of the salary increases. The taxes involved include income, sales, use, cigarette, alcohol and motor vehicle fuel taxes.

The cost of the salary increases for District employees are \$14.3 million more than that currently provided for in the District's budget and financial plan. The Mayor has indicated that he will propose to the City Council a financing plan to cover this deficit within the next few months.

This title would also provide tax relief and incentives to improve or rehabilitate residential, commercial and historical properties, and for tax relief for low income persons whose property tax exceeds a certain percentage of their income (the so-called "circuit-breaker" provisions). It would authorize an urban homestead program for properties acquired by the District Government at tax foreclosure sales and would repeal the District sales tax on live productions of the performing arts.

Title V would provide that the District Government may legislate changes to this bill after home rule goes into effect on January 2, 1975, subject to the limitations and prohibitions in the Home Rule Act.

In its views letter, the District Government makes the following comments on the budget impact of H.R. 15842:

"The fiscal year costs of the salary increases for District police and firemen are estimated at \$18.5 million and the costs for teachers and educational employees are estimated to be \$13.8 million, for a total in fiscal year 1975 of \$33.3 million. The additional costs of administration and the requirement of annual assessments in Title IV of H.R. 15842 are estimated at \$1 million, and in fiscal year 1976 the 'circuit breaker' provisions of Title IV will cost an estimated \$4.6 million and the repeal of the admissions tax on artistic performances will result in a revenue loss of approximately \$300,000.

"The estimated cost of the pay increases authorized by the enrolled bill exceeds the funding reserve established by the District Government by approximately \$14.3 million. Accordingly, we will carefully consider potential sources of funding and will propose the necessary and responsible actions needed to finance the employee pay increases for the consideration of the D.C. Council.

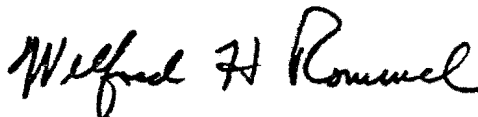
"Although the District would have preferred the acceptance of our recommendations, the enrolled bill contains many beneficial provisions as well as salary increases for employees whose pay has not been recently adjusted.

"The District Government recommends the approval of H.R. 15842."

The Senate version of the bill incorporated a one-time increase of \$14 million in the Federal payment to fund the major portion of the gap in fiscal year 1975 between the District's financial plan and the additional cost required under the bill. However, this provision was stricken in conference, and Rep. Natcher has indicated strong opposition to any Federal funding of the bill's added costs.

* * * *

While we have reservations about various features of the bill and regard some of the pay increases as excessive, we do not believe these reservations are sufficiently serious as to warrant disapproval of the bill, particularly since the bill's subject matter is largely one of local concern under the home rule concept.



Assistant Director for
Legislative Reference

Enclosures

THE WHITE HOUSE

WASHINGTON
August 30, 1974

MEMORANDUM FOR: MR. WARREN HENDRIKS
FROM: WILLIAM E. TIMMONS *WT*
SUBJECT: Action Memorandum - Log No. 556
Enrolled Bill H. R. 15842 - D. C. Police,
Firemen, and Teacher Pay

The Office of Legislative Affairs concurs in the attached proposal and has no additional recommendations.

Attachment

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 556

Date: August 29, 1974

Time: 6:00 p. m.

FOR ACTION: James Cavanaugh
Andre Buckles
Phil Buchen
✓ Bill Timmons

cc (for information): Warren K. Hendriks
Jerry Jones

FROM THE STAFF SECRETARY

DUE: Date: Friday, August 30, 1974

Time: 2:00 p. m.

SUBJECT: Enrolled Bill H. R. 15842 - D. C. Police, Firemen, and
Teacher Pay

ACTION REQUESTED:

_____ For Necessary Action

XX For Your Recommendations

_____ Prepare Agenda and Brief

_____ Draft Reply

_____ For Your Comments

_____ Draft Remarks

REMARKS:

Please return to Kathy Tindle - West Wing

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.

Warren K. Hendriks
For the President

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 556

Date: August 29, 1974

Time: 6:00 p. m.

FOR ACTION: James Cavanaugh

cc (for information): Warren K. Hendriks

Andre Buckles

Jerry Jones

✓ Phil Buchen

Bill Timmons

Kroff Shepard

FROM THE STAFF SECRETARY

DUE: Date: Friday, August 30, 1974

Time: 2:00 p. m.

SUBJECT: Enrolled Bill H. R. 15842 - D. C. Police, Firemen, and Teacher Pay

ACTION REQUESTED:

___ For Necessary Action

XX For Your Recommendations

___ Prepare Agenda and Brief

___ Draft Reply

___ For Your Comments

___ Draft Remarks

REMARKS:

Please return to Kathy Tindle - West Wing

OBE

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.

Warren K. Hendriks
For the President

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

AUG 29 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 15842 - D.C. Police, Firemen, and
Teacher Pay
Sponsor - Rep. Diggs (D) Michigan

Last Day for Action

September 3, 1974 - Tuesday

Purpose

Provides salary increases for D.C. policemen, firemen and teachers; establishes a salary setting mechanism for these employees after home rule goes into effect; increases annuities for certain retired D.C. teachers; amends substantially the basis and method for setting and administering the property tax on real estate; authorizes the D.C. Council to increase certain taxes to meet the cost of the employee pay increases; and makes numerous other changes in related laws.

Agency Recommendations

| | |
|--|---------------------------|
| Office of Management and Budget | Approval |
| District of Columbia | Approval |
| Civil Service Commission | Approval |
| Federal Mediation and Conciliation Service | Approval |
| National Capital Planning Commission | Approval |
| Department of the Treasury | No objection |
| Department of the Interior | No objection |
| Department of Housing and Urban Development | No objection |
| Smithsonian Institution | Defers to D.C. Government |

Discussion

Title I of H.R. 15842 provides for a 16 percent salary increase for D.C. policemen and firemen, retroactive to July 1, 1974. This would increase a private's beginning salary from \$10,000 to \$11,600. (The increase would also apply to the U.S. Park Police and the Executive Protective Service, since the pay of these Federal employees is based on that of the District police.) The D.C. Government had requested an increase of 10 percent. The last pay increase for policemen and firemen was for 17 percent, effective May 1, 1972.

In its views letter on the enrolled bill, the Civil Service Commission notes,

" . . . The last pay increase for these police and firemen was effective in May 1972. Since then, General Schedule pay rates have increased more than ten percent. On the basis of this comparison, a sixteen percent increase for these police and firemen would be very generous. However, another General Schedule pay increase is scheduled to become effective this October. If this anticipated General Schedule increase is included in the comparison, the sixteen percent increase for police and firemen does not appear to be unreasonable."

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Title I would establish procedures for an annual joint labor/management review of pay of policemen and firemen with recommendations by the Mayor to the City Council of any proposed changes.

Title I would also establish procedures for the settlement of labor disputes and collective bargaining negotiations between the District Government and representatives of the policemen and firemen, including mandatory arbitration in the case of an impasse. The District Government, in its views letter on the enrolled bill, objects to the mandatory arbitration provisions because they would remove the incentive for serious negotiations and because the factors to be considered by the arbitrators are not spelled out. It comments:

"Experience in both the private and public sectors indicates that compulsory and binding arbitration generally results in dissatisfaction by both parties and sets a foundation for future labor conflict."

In this connection, the Civil Service Commission comments in its views letter:

". . . we must point out that it would be extremely inappropriate, in our view, for the District of Columbia Government to be setting pay in the future for the Federal employees in the U.S. Park Police and the Executive Protective Service. Under current law, the officers and members of these two Federal police forces are paid at the same rates as the Metropolitan Police. We believe it is essential that this statutory pay linkage be severed before the District Government takes action, presumably during the second half of 1975, to change the pay rates for the Metropolitan Police."

The future relationship of Park Police and Executive Protective Service salaries and retirement benefits to those of D.C. police is currently under review in the Executive branch, and recommendations from that review will be forthcoming at a later date.

In addition, Title I would amend the policemen and firemen retirement system to provide that a retirement or disability annuity be based on a 12 month average, rather than the current highest day's salary. This would remove the incentive for retirement immediately after a pay raise or promotion, and according to the District Government can be expected to result in savings in pension costs.

Finally, Title I would require that an officer who seeks disability retirement without the concurrence of the Board of Police and Fire Surgeons has the burden of proving that the condition was caused or aggravated by the performance of duty. Currently, the burden of proof is on the Police or Firemen's Relief Board to show that performance of duty was not at fault. Disability retirements for the first half of 1974 accounted for 57 percent of all retirements. This provision should reduce that number significantly.

Title II would provide for a two-stage salary increase of 13 percent for D.C. teachers. A 10 percent raise would be effective September 1, 1974, with the remaining 3 percent to be effective on January 1, 1975. The District Government had requested a 10 percent increase effective January 1, 1975. The last teacher increase was for 12 percent in two stages -- 7 percent in September 1972 and 5 percent in September 1973. The trend nationally in recent years has been roughly a 6 percent annual raise. Thus, the teachers' increase in this bill is more liberal than the national trend. The 1975 cost of the teachers' pay raise is estimated at \$13.8 million. Title II also would provide for a yearly review by the Board of Education of teachers' salaries, and recommendations by it to the Mayor and by him to the City Council of any proposed changes. (Unlike the provision for policemen and firemen, this provision does not provide for joint review by labor and management or for arbitration.)

Title III would increase annuities by \$240 per year for teachers who retired prior to October 20, 1969, and by \$132 per year for their survivors. It would also provide that no teacher's annuity shall be less than the minimum amount provided for social security recipients, currently set at \$93.80. The District Government opposed this provision because of its cost, estimated at \$292,000 for fiscal year 1975. We note that similar provisions for retired Federal civil service annuitants were recently enacted in Public Law 93-273.

Title IV would extensively revise the real property tax system in the District. It would provide for assessment at 100 percent of the market value of real property, but would leave the setting of the tax rate itself to the City Council. Currently, real property is assessed at substantially less than 100 percent. Recent court challenges have upset present assessment procedures and have resulted in revenue losses for the District. H.R. 15842 would provide a legislative basis for assessments, require public notification, and establish an independent Board of Equalization and Review as part of a simplified appeals procedure. The District Government in its views letter, states that it would have preferred that these property tax changes be left for action by the new City Council. It especially objects to some of these changes taking effect immediately, since present law requires that the taxpayer receive the tax bill by September 1 and pay one-half of the amount due by September 30. There is not sufficient time now to recompute the tax bills by September 1.

While the new assessment procedures do not take effect until January 1975, the bill requires the property tax rate to be set high enough so as to raise at least \$146 million for fiscal year 1975. This will require a higher property tax rate to be set for fiscal year 1975, unless other taxes are raised by the City as noted below to offset the pay increases cost.

Title IV would also authorize the City Council, upon enactment of the bill, to raise certain taxes to help cover the cost of the salary increases. The taxes involved include income, sales, use, cigarette, alcohol and motor vehicle fuel taxes.

The cost of the salary increases for District employees are \$14.3 million more than that currently provided for in the District's budget and financial plan. The Mayor has indicated that he will propose to the City Council a financing plan to cover this deficit within the next few months.

This title would also provide tax relief and incentives to improve or rehabilitate residential, commercial and historical properties, and for tax relief for low income persons whose property tax exceeds a certain percentage of their income (the so-called "circuit-breaker" provisions). It would authorize an urban homestead program for properties acquired by the District Government at tax foreclosure sales and would repeal the District sales tax on live productions of the performing arts.

Title V would provide that the District Government may legislate changes to this bill after home rule goes into effect on January 2, 1975, subject to the limitations and prohibitions in the Home Rule Act.

In its views letter, the District Government makes the following comments on the budget impact of H.R. 15842:

"The fiscal year costs of the salary increases for District police and firemen are estimated at \$18.5 million and the costs for teachers and educational employees are estimated to be \$13.8 million, for a total in fiscal year 1975 of \$33.3 million. The additional costs of administration and the requirement of annual assessments in Title IV of H.R. 15842 are estimated at \$1 million, and in fiscal year 1976 the 'circuit breaker' provisions of Title IV will cost an estimated \$4.6 million and the repeal of the admissions tax on artistic performances will result in a revenue loss of approximately \$300,000.

"The estimated cost of the pay increases authorized by the enrolled bill exceeds the funding reserve established by the District Government by approximately \$14.3 million. Accordingly, we will carefully consider potential sources of funding and will propose the necessary and responsible actions needed to finance the employee pay increases for the consideration of the D.C. Council.

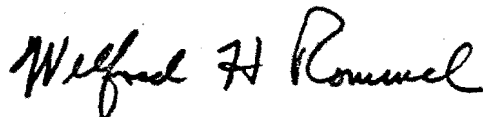
"Although the District would have preferred the acceptance of our recommendations, the enrolled bill contains many beneficial provisions as well as salary increases for employees whose pay has not been recently adjusted.

"The District Government recommends the approval of H.R. 15842."

The Senate version of the bill incorporated a one-time increase of \$14 million in the Federal payment to fund the major portion of the gap in fiscal year 1975 between the District's financial plan and the additional cost required under the bill. However, this provision was stricken in conference, and Rep. Natcher has indicated strong opposition to any Federal funding of the bill's added costs.

* * * *

While we have reservations about various features of the bill and regard some of the pay increases as excessive, we do not believe these reservations are sufficiently serious as to warrant disapproval of the bill, particularly since the bill's subject matter is largely one of local concern under the home rule concept.



Assistant Director for
Legislative Reference

Enclosures



THE DISTRICT OF COLUMBIA

WASHINGTON, D. C. 20004

WALTER E. WASHINGTON
Mayor-Commissioner

AUG 28 1974

Mr. Wilfred H. Rommel
Assistant Director for
Legislative Reference
Office of Management and Budget
Washington, D.C.

Dear Mr. Rommel:

This is in reference to a facsimile of an enrolled enactment of Congress entitled:

H.R. 15842 - To increase compensation for District of Columbia policemen, firemen, and teachers; to increase annuities payable to retired teachers in the District of Columbia; to establish an equitable tax on real property in the District of Columbia; to provide for additional revenue for the District of Columbia; and for other purposes.

Part I of H.R. 15842 provides overall average salary increases for District policemen and firemen of 16 percent, retroactive to the first pay period beginning on or after July 1, 1974. The entrance salary for police and fire privates will be increased from \$10,000 to \$11,600 with a maximum salary after sixteen years of service of \$16,705.

Title I (Part I) of the enrolled bill also provides that helicopter pilots and bomb disposal officers shall receive \$2,270 per annum in addition to their scheduled rate of pay and that, in the event they are reassigned to other duties, the resulting reduction in salary will not be considered an adverse action; that an officer who leaves the service and is subsequently rehired within a three-year period,

may be brought back in at a private's salary not higher than the salary of the grade and step which he formerly held; and that in the event dog handlers are reassigned to other jobs or their positions are reclassified the resulting reduction in salary will not be considered an adverse action. It is further provided in Title I (Part I) that in the event technicians are reclassified as non-technicians a reduction in salary will not result and the bill provides for an 8% increase in the pay of technicians. Title I (Part I) of the enrolled bill also clarifies section 401 of the District of Columbia Police and Firemen's Salary Act of 1958 (D.C. Code, sec. 4-832) by providing that in computing continuous service only periods of satisfactory service in the police or fire departments and in the armed forces shall be counted. This title also redefines certain holidays for public safety personnel to conform to Federal three-day holiday designations.

Part 2 of Title I of the enrolled bill requires the Mayor to conduct an annual survey of the salaries and fringe benefits being paid police and firemen in the Washington Metropolitan Area and other cities of comparable size, including data as to the cost of living and comparable Federal and District classified salaries. The composition of the study committee and the dates when the results of the study shall be made public are specified in the bill.

This Part of Title I further provides that after January 2, 1975, the Mayor shall recommend to the Council any negotiated solution with respect to changes in compensation arrived at by collective bargaining and shall recommend that the Congress be requested to appropriate sufficient funds for that purpose; the first such recommendation to be made no later than October 1, 1975. It is also provided that, if the parties reach an impasse in negotiations, the Director of the Federal Mediation and Conciliation Service shall select a mediator and that, if mediation does not resolve the dispute, the Director is authorized, upon the request of either party, to submit the matter to binding arbitration.

Part 3 of Title I amends the Police and Firemen's Retirement and Disability Act by defining "average pay" as the highest annual rate resulting from averaging the salary in effect for any twelve consecutive months of police or fire service and substitutes "average pay" for "basic salary" in other parts of the Act. This basis for computing retirement or disability annuities of District police and firemen replaces the current method of calculation based on the highest day's salary paid and is comparable to procedures used for most other government retirees.

Part 3 also establishes through legislation a Police and Firemen's Retirement and Relief Board and provides that members seeking disability retirement without the supporting recommendation of the Board of Police and Fire Surgeons shall themselves have the burden of proof in proceedings before the new Board. It is further provided that employment questionnaires or medical examinations of members who have reached the age of 50 shall not be required.

Title II of the enrolled bill amends the Teachers' Salary Act of 1955 and contains other provisions to provide: (1) salary increases to educational employees covered by the Act; (2) minimum annual reporting requirements regarding future salary adjustments; (3) establishment of a five year teaching certificate, and (4) certain degree requirements for attendance officers and child labor inspectors.

Section 202 provides salary increases to educational employees covered by the Teachers' Salary Act of 1955 in two steps - a 10 percent increase effective September 1, 1974 and a 3 percent increase effective January 1, 1975. The starting salary for a teacher with a bachelor's degree will be increased from \$8,350 to \$9,650. The Superintendent's salary, however, is limited in both instances so as not to exceed that payable at level III of the Executive Schedule. All other employees are limited to the amount payable at level V of the Executive Schedule. Section 202 also contains a similar two-step increase for teachers and administrators serving in the summer school and adult education programs.

Section 203 of the bill establishes an annual process for salary review beginning in 1975, which requires the Board of Education to submit to the Mayor by March 1 information regarding changes in the cost of living since the last salary increase for teachers, salaries of teachers in cities of comparable size and in the other jurisdictions in the Washington Metropolitan Area. The Mayor in turn is required to submit this information to the Council with his recommendations with respect to compensation and other related matters.

Section 204(a) creates a five-year renewable teaching certificate for all employees in class 15 of the salary schedule. Renewals are dependent upon application and six hours of appropriate credit earned during the preceding five-year period. The Board of Education is authorized to establish appropriate rules and regulations to carry out this provision.

Section 204(b) allows persons possessing thirty appropriate semester hours (as determined by the Board of Education) to qualify for class 15, group B. Currently a masters degree is required for this group.

Section 205 returns to law the degree requirement that was removed in 1972 for the positions of attendance officer and child labor inspector.

Title III of the enrolled bill amends the Act entitled "An Act for the retirement of public school teachers in the District of Columbia, to (1) provide a minimum monthly annuity equivalent to the minimum provided for social security recipients under Title II of the Social Security Act; and (2) increase by flat-dollar amounts all annuities, based on separation effected prior to October 20, 1969. The increase is \$240 per year for teacher retirees and \$132 per year for survivor annuitants. The increases made by these amendments are the same as those provided persons covered under the Civil Service retirement system by P. L. 93-273.

Title IV of the enrolled bill, which may be cited as the "District of Columbia Real Property Tax Revision Act of 1974", extensively revises the real property tax rate structure in the District. Sections 411,

412, and 413 provide new procedures for establishing the real property tax rate. These sections, in addition to section 461, are effective for fiscal year 1975. Briefly, the Commissioner is required to certify to the Council, within 30 days after the Act becomes law, that tax rate which when applied to the estimated 1975 property tax base, exclusive of new construction, will produce the same amount of revenue as was produced from the property tax at the rate that was in effect in the immediately preceding fiscal year, i.e., the \$3.32 rate of fiscal year 1974 which produced approximately \$138.3 million. This rate (the computed rate) will automatically become the "actual" or legal tax rate unless the Council acts within 30 days to set another rate other than the "computed rate".

Section 415 requires that comparative studies be made by the Council to indicate relative tax rates and burdens for jurisdictions within the Metropolitan Area of Washington and for other cities to assure that tax burdens in the District are reasonably comparable to other jurisdictions here and elsewhere.

Subpart B of Title IV relating to assessment and administration provides the following major provisions:

1. Property will be assessed at 100% of its estimated market value;
2. Reassessment must take place every (2) years at a minimum, with annual assessments by fiscal year 1978;
3. Requires the Commissioner to provide a full disclosure policy so that the taxpayer and the assessor shall have all needed information in order to furnish full public information regarding the administration of the real property tax laws;
4. Requires the Commissioner to propose within 45 days, and the Council to enact within 90 days after the effective date of the title, regulations with respect to assessment and administration of the property tax; and
5. Establishes a new Board of Equalization and Review effective on January 1, 1975, with new and additional functions and duties.

Section 430 provides that the Council shall have the authority to establish by regulation a homestead exemption of up to \$3,000 for low and moderate income families who rent or own single family homes. The exemption would be limited to some yet to be determined income ceiling and would be restricted to row, detached, or semi-detached dwellings.

Section 431 authorizes the Council to establish certain tax incentive programs for rehabilitation of property, new construction, and for other purposes.

Section 435 provides a tax deferral program, if the taxpayers' property tax burden increases by more than ~~7-10%~~ ^{10%} over the immediately preceding year. The taxpayer would be eligible for a tax deferral if he meets all other eligibility requirements which are specified in section 435(a)(1) through (7). Taxes deferred bear interest at the average Treasury bill rate for the preceding 12 months and such rate is to be certified by the Secretary of the Treasury. The amount of taxes plus interest deferred cannot exceed 10% of the current assessed value of the taxpayers property. The taxes deferred and interest thereon shall constitute a preferential lien upon the taxpayers property payable by the seller when transferred.

Sections 437 and 438 would permit the District Government to take title to property which it bids in at a tax sale, and to use such properties for an urban homesteading or similar program.

Section 441 provides a new and additional property tax exemption for property used for legitimate theater, music, or dance purposes.

Part 4 of Title IV will allow, effective January 1, 1975, District homeowners and renters having household incomes equal to or less than \$6,999 a property tax credit or rebate if the property taxes paid, or rent constituting property taxes paid, exceed a prescribed percentage of their annual household income. The first \$400 of taxes paid, or rent constituting property taxes paid may be used in computing relief, thereby restricting the maximum relief or credit to \$320. The annual cost of this provision is estimated at \$5.1 million, including costs of administration.

Part 6 of Title IV empowers the Council, on the effective date of the bill, to increase the rates of the income, sales, use, cigarette, alcoholic beverage, motor fuels, and other taxes in order to provide additional revenue for the pay increases provided in other titles of the bill. Section 473 eliminates the charging of the current 5 percent sales tax on admissions to live performances of the various arts specified therein. It is estimated that this exemption will result in a loss of \$300,000 in sales tax revenues.

The District Government supports the salary increases for police, firemen, and teachers contained in the enrolled bill. Throughout the Congressional deliberations, the District Government pointed out a number of concerns which the various versions of the proposed legislation presented to the city. A number of these concerns remain a part of the enrolled bill and are outlined below.

In draft legislation submitted to the Congress on April 24, 1974 and May 29, 1974, the District Government proposed an average increase of ten percent in the salaries of police and firemen effective July 1, 1974, and an increase of ten percent in the salaries of teachers and other educational employees effective January 1, 1975.

The District Government's proposed pay increases were considered in the context of the city's policies for financing the fiscal year 1975 budget. In formulating the budget, we recognized the need to provide salary increases for police officers, firemen, and teachers and included in our initial estimates of 1975 spending requirements the sum needed for what we believed to be fair, reasonable, and comparable pay raises. By directing the city agencies to make certain economies, we were able to develop a 1975 financial plan for meeting our essential requirements, including the proposed pay raises, without requesting increases in local tax rates. Almost every major tax rate had been increased within the last several years, and it was our judgment that the city's competitive position in the metropolitan area would be weakened by additional tax increases in the near future. The financing of our proposed salary increases was included in our 1975 financial plan. We believed that this approach was preferable to one that ties pay increases for specific groups of employees to tax increases.

The cost of the District's pay increase proposal for police officers and firemen was estimated at \$11.4 million for fiscal year 1975. This increase could

have been funded within the proposed financial plan for fiscal year 1975, which indicates our determination to consider salary increases for policemen and firemen within the same budgetary framework applied to all other employees.

The estimated cost for the proposed teachers' salary increase, effective January 1, 1975, would be \$6.6 million for fiscal year 1975 and \$11.0 for a full fiscal year. The estimated 1975 cost can be funded within our financial plan.

Salary increases above the amounts we proposed, as are authorized by H.R. 15842, cannot be financed without additional sources of revenue or a curtailment of services and programs, or both.

Among other major provisions of the enrolled bill to which the District Government interposed strong objections to the Congress is included the procedural functions outlined in Part 2 of Title I. Section III authorizes the establishment of a joint labor-management salary and benefits study committee to conduct annual surveys of the compensation and other working conditions of District police and firemen. It is the view of the District Government that a joint labor-management survey would inhibit local and national jurisdictions from participating because the information would be made available to the unions here and, through them, to their counterparts in the localities surveyed, thereby undermining management bargaining strategies. District management would likewise be limited in its ability to bargain effectively on pay and related matters. A joint survey would not alleviate each party's need for privileged data.

Section 112 imposes mandatory arbitration of collective bargaining impasses. We believe that this means of settlement would remove the incentive for the parties to engage in the give and take of serious negotiations when they know that a third party will eventually decide the issues for them. Section 112 does not identify the factors to be considered by the arbitrators; does not allow for other means of settlement, for example a tripartite board of arbitrators that the parties may agree upon; and it does not provide for sharing the considerable cost of arbitration. Experience in both the private and public sectors indicates that compulsory and binding arbitration generally results in dissatisfaction by both parties and sets a foundation for future labor conflict.

The District would have preferred that the substantive changes in the real property tax laws be left for review and study by the new Council of the District of Columbia. Among other things, we consistently urged that the effective date of the assessment provisions of Title IV of H.R. 15842 be changed from 1974 to fiscal year 1976. Present law requires that tax bills be received by the taxpayer by September 1st of each year and that one-half of the amount due be paid by September 30th. It is not possible to recompute tax bills by the September 1st date. The publication requirements, especially those of section 424(d) will be extremely costly to the District, and the publication requirements for assessment ratios will present administrative difficulties in that this section refers to an entity called a "neighborhood" without otherwise defining the term.

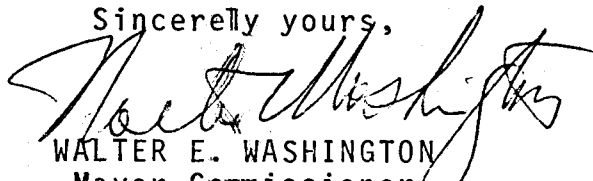
The fiscal year costs of the salary increases for District police and firemen are estimated at \$18.5 million and the costs for teachers and educational employees are estimated to be \$13.8 million, for a total in fiscal year 1975 of \$33.3 million. The additional costs of administration and the requirement of annual assessments in Title IV of H.R. 15842 are estimated at \$1 million, and in fiscal year 1976 the "circuit breaker" provisions of Title IV will cost an estimated \$4.6 million and the repeal of the admissions tax on artistic performances will result in a revenue loss of approximately \$300,000.

The estimated cost of the pay increases authorized by the enrolled bill exceeds the funding reserve established by the District Government by approximately \$14.3 million. Accordingly, we will carefully consider potential sources of funding and will propose the necessary and responsible actions needed to finance the employee pay increases for the consideration of the D.C. Council.

Although the District would have preferred the acceptance of our recommendations, the enrolled bill contains many beneficial provisions as well as salary increases for employees whose pay has not been recently adjusted.

The District Government recommends the approval of H.R. 15842.

Sincerely yours,



WALTER E. WASHINGTON
Mayor-Commissioner



UNITED STATES CIVIL SERVICE COMMISSION

WASHINGTON, D.C. 20415

August 27, 1974

CHAIRMAN

Honorable Roy L. Ash
Director
Office of Management and Budget

Attention: Assistant Director for Legislative Reference

Dear Mr. Ash:

This is in response to your request for the views and recommendation of the Civil Service Commission on enrolled bill H.R. 15842, a bill "To increase compensation for District of Columbia policemen, firemen, and teachers; to increase annuities payable to retired teachers in the District of Columbia; to establish an equitable tax on real property in the District of Columbia; to provide for additional revenue for the District of Columbia; and for other purposes."

Title I of enrolled bill H.R. 15842 deals with pay and retirement benefits for police and firemen in the District of Columbia. Part 1 of title I of the enrolled bill would provide a sixteen percent pay increase for the Metropolitan Police force, the District of Columbia Fire Department, the U. S. Park Police, and the Executive Protective Service, retroactive to the first pay period beginning on or after July 1, 1974. The last pay increase for these police and firemen was effective in May 1972. Since then, General Schedule pay rates have increased more than ten percent. On the basis of this comparison, a sixteen percent increase for these police and firemen would be very generous. However, another General Schedule pay increase is scheduled to become effective this October. If this anticipated General Schedule increase is included in the comparison, the sixteen percent increase for police and firemen does not appear to be unreasonable.

The first part of title I also contains certain revisions in pay administration rules for police and firemen. Since the Civil Service Commission is not involved in the administration of the pay system for police and firemen, we defer to the views of the District of Columbia Government on these provisions.

Part 2 of title I of the enrolled bill would establish a procedure by which the District of Columbia Government would determine pay increases for police and firemen in the future. This part also provides a procedure for the resolution of collective bargaining disputes between the District Government and the police and firemen. We defer to the views of the District Government on the suitability of these procedures insofar as they would affect the Metropolitan Police force and the District of Columbia Fire Department. However, we must point out that it would be extremely inappropriate, in our view, for the District of Columbia Government to be setting pay in the future for the Federal employees in the U.S. Park Police and the Executive Protective Service. Under current law, the officers and members of these two Federal police forces are paid at the same rates as the Metropolitan Police. We believe it is essential that this statutory pay linkage be severed before the District Government takes action, presumably during the second half of 1975, to change the pay rates for the Metropolitan Police.

Part 3 of title I of the enrolled bill would make certain changes in the retirement system for District police and firemen. This retirement system covers the U. S. Park Police, the Executive Protective Service, and certain members of the Secret Service, as well as District of Columbia police and firemen. Currently, annuities under this retirement system are based on the highest day's salary an employee under the system has ever received. The enrolled bill would provide that annuities would instead be based on the highest average annual salary an employee has received during any twelve consecutive months of service. The enrolled bill would also make certain changes which are expected to reduce the number of disability retirements under the police and firemen's retirement system. We believe these provisions of the enrolled bill are desirable.

Title II of enrolled bill H.R. 15842 would provide a ten percent pay increase for District of Columbia school teachers, effective on September 1, 1974, and an additional three percent to become effective on January 1, 1975. These teachers received their last pay increase in September 1973, and a ten percent pay increase a year later, to be followed four months later by an additional three percent, appears to us to be extremely generous. However, we will defer to the views of the District of Columbia Government on this subject.

Title III of the enrolled bill would provide a minimum monthly annuity for retired District of Columbia school teachers. This minimum annuity would be the same as the smallest amount payable to Social Security recipients (currently \$93.80 a month). An identical provision for a minimum monthly annuity was added to the Civil Service Retirement law this year by Public Law 93-273. It appears appropriate to us for the retirement system for District school teachers to also include a provision for a minimum annuity.

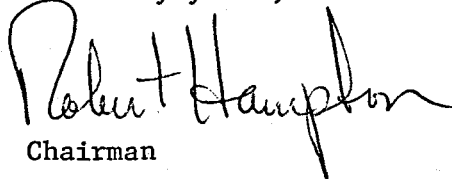
Title IV of the enrolled bill would make certain changes in the real property tax system in the District of Columbia, and would also make certain other changes in the tax laws for the District. We have no comment on these provisions.

Title V of the enrolled bill makes it clear that no provision of H.R. 15842 would restrict the authority of the District of Columbia Council to enact, after January 2, 1975, any act, resolution, or regulation relating to any matter covered by H.R. 15842. We have no comment on this provision.

The Civil Service Commission recommends, from the standpoint of the Federal personnel system, that the President sign enrolled bill H.R. 15842 into law.

By direction of the Commission:

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Robert Hampton". The signature is written in dark ink and is positioned above the printed name "Chairman".

Chairman

FEDERAL MEDIATION AND CONCILIATION SERVICE

UNITED STATES GOVERNMENT

WASHINGTON, D.C. 20427

August 23, 1974

OFFICE OF THE DIRECTOR

Mr. W. H. Rommel
Assistant Director for Legislative Reference
Office of Management and Budget
Washington, D. C. 20503

Attention: Mrs. Garziglia

Dear Mr. Rommel:

This will respond to your request of August 22, 1974 for our views regarding H. R. 15842.

We have reviewed those sections of the bill which affect the Federal Mediation and Conciliation Service, in particular Title I, Sections 111 and 112. While we foresee no major problems in carrying out the responsibilities assigned to us by this legislation, I would point out two matters that may require clarification.

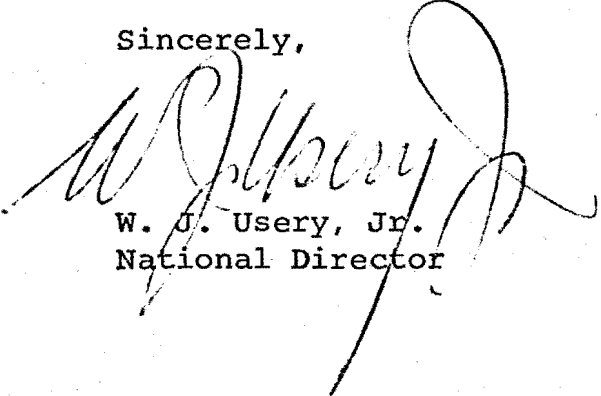
Section 112(c) requires the Director of the FMCS, upon notification that an impasse exists, to select "an impartial person experienced in public sector disputes to serve as a mediator." Section 112(e) goes on to specify how such a person should be compensated. While the language of Section 112(c) is not clear, we would assume that it was the intent of Congress that the FMCS proffer the services of one of its experienced mediators, in keeping with their intent in Title II of the Labor-Management Relations Act, 1947, as amended. Indeed, it has been our practice in the past to do so upon the request of the parties in public sector disputes in the District of Columbia.

In addition, it appears to me that there may be some inconsistent language in Section 112. This Section 112(c) addresses itself to the impasse procedure to be followed in negotiations on or before the expiration date of existing collective bargaining agreements, but makes no mention of any impasse procedure for initial contract disputes. However, Section 112(d) states that if the procedures in subsection (c) are implemented, the status quo in effect prior to contract expiration date or prior to impasse in initial contract bargaining remains in effect until the mediation and/or arbitration is completed. Despite the language in Section 112(d), it does not appear that Congress has expressly made the impasse procedure applicable to initial contract disputes. In our view the impasse procedure in Section 112(c) should be as applicable in both contract renewal and initial contract disputes, and perhaps the statutory language or congressional intent could be clarified to so reflect.

We think that the purposes and objectives of Title I of this bill are sound from the point of view of labor-management relations and, notwithstanding the exception of the two examples of statutory language which perhaps could be clarified to better express congressional intent, we recommend that the President sign this legislation.

Should you wish to discuss this legislation further, I suggest that you contact our General Counsel, Herbert Fishgold; his telephone number is 961-3714.

Sincerely,



W. J. Usery, Jr.
National Director

NATIONAL CAPITAL PLANNING COMMISSION

WASHINGTON, D.C. 20576

August 26, 1974

Mr. Wilfred H. Rommel
Assistant Director for
Legislative Reference
Office of Management and Budget
Executive Office of the President
Washington, D.C. 20503

Dear Mr. Rommel:

Reference is made to your recent request for the Commission's comments on enrolled bill H.R. 15842, an Act "To increase compensation for District of Columbia policemen, firemen, and teachers; to increase annuities payable to retired teachers in the District of Columbia; to establish an equitable tax on real property in the District of Columbia; to provide for additional revenue for the District of Columbia; and for other purposes."

The Commission has no objection to the enactment of this legislation and recommends approval by the President.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Donald F. Bozarth". The signature is stylized and written in a cursive-like font.

Donald F. Bozarth
Acting Executive Director



THE GENERAL COUNSEL OF THE TREASURY
WASHINGTON, D.C. 20220

AUG 26 1974

Director, Office of Management and Budget
Executive Office of the President
Washington, D. C. 20503

Attention: Assistant Director for Legislative
Reference

Sir:

Your office has requested the views of this Department on the enrolled enactment of H.R. 15842, "To increase compensation for District of Columbia policemen, firemen, and teachers; to increase annuities payable to retired teachers in the District of Columbia; to establish an equitable tax on real property in the District of Columbia; to provide for additional revenue for the District of Columbia; and for other purposes."


The enrolled enactment, insofar as its principal provisions are of primary interest to this Department, would (1) increase the salary of members of the Executive Protective Service by 16%, retroactive to the first pay period beginning after July 1, 1974; and (2) provide for the computation of retirement benefits on the basis of the highest rate of pay in effect over a consecutive 12-month period in lieu of on the basis of the highest day's salary.

The Department would have no objection to a recommendation that the enrolled enactment be approved by the President insofar as the foregoing provisions are concerned. The cost of the salary increase that would be provided the members of the Executive Protective Service is estimated at approximately \$2,450,000 for fiscal year 1975.

The Department has noted that Part 2 of Title I of the enrolled enactment would provide for an annual study and recommendations with respect to the pay and conditions of employment of District police and firemen. The study would not encompass the salaries of members of the Executive Protective Service. It has also been noted that the members of the Executive Protective Service would remain under the District police and firemen's retirement system and section 122 of Part 3 of Title I of the enrolled enactment would reconstitute the Police and Firemen's Retirement and Relief Board, but the Board

would have no Federal representation. In that connection, the Office of Management and Budget in a report dated June 10, 1974 to Representative Rees stated that the issue of the future status of U.S. Park Police and Executive Protective Service employees with respect to future salary legislation and pension funding is complex; that these problems are currently under review by the Executive Branch; and that as soon as these issues are resolved appropriate recommendations will be presented to the Congress. The Department would like to take this opportunity to request that it be permitted to participate in the foregoing review.

Sincerely yours,


General Counsel



United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

AUG 23 1974

Dear Mr. Ash:

This responds to your request for the views of this Department on the enrolled bill H.R. 15842, "To increase compensation for District of Columbia policemen, firemen, and teachers; to increase annuities payable to retired teachers in the District of Columbia; to establish an equitable tax on real property in the District of Columbia; to provide for additional revenue for the District of Columbia; and for other purposes."

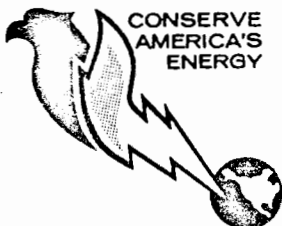
We would have no objection to approval of the bill by the President.

H.R. 15842 is an omnibus bill consisting of four related pay and revenue measures to provide pay increases for District of Columbia police, firemen, and teachers, to increase annuities for retired public school teachers who retired prior to October, 1969, and to establish an equitable tax on real property in the District of Columbia.

Sincerely yours,

Acting Assistant Secretary of the Interior

Honorable Roy L. Ash
Director
Office of Management and Budget
Washington, D. C.



Save Energy and You Serve America!



THE GENERAL COUNSEL OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D. C. 20410

AUG 27 1974

Mr. Wilfred H. Rommel
Assistant Director
Legislative Reference
Office of Management and Budget
Washington, D. C. 20503

Attention: Mrs. Garziglia

Dear Mr. Rommel:

Subject: H. R. 15842, 93d Congress
Enrolled Enactment

This is in response to your request for our views on the enrolled enactment of H. R. 15842, an Act "To increase compensation for District of Columbia policemen, firemen, and teachers; to increase annuities payable to retired teachers in the District of Columbia; to establish an equitable tax on real property in the District of Columbia; to provide for additional revenue for the District of Columbia; and for other purposes."

The enrolled enactment would amend and increase the present salary schedule for District of Columbia policemen and firemen, and provide for an increase in the salaries and annuities of District of Columbia teachers. In addition, the enactment would revise the procedures for establishing District real property tax rates and provide for assessments based on 100 percent of market value. Tax relief would be granted for low-income homeowners and renters and for historic properties, and tax incentives would be provided for property rehabilitation.

Of particular interest to this Department are those provisions of the enactment authorizing the District of Columbia Council to establish a program under which property acquired

by tax sale may be transferred to persons who guarantee to occupy and pay taxes on such property for at least five years, and to bring the property into reasonable compliance with District codes. In testifying on proposed "homesteading" legislation for the District of Columbia introduced earlier in this session of Congress, we had expressed our concern that legislation providing for a large-scale homesteading program for the District with a detailed statutorily imposed framework would be premature in view of recently enacted Home Rule legislation. We believe, however, that the "homesteading" type of authority proposed under the enactment is discretionary in nature and sufficiently flexible to enable the District government to determine the scope of any such program and how it may best be implemented.

The Department of Housing and Urban Development would have no objection to approval of the enrolled enactment.

Sincerely,



Robert R. Elliott



SMITHSONIAN INSTITUTION

Washington, D. C. 20560
U.S.A.

August 26, 1974

Mr. Wilfred H. Rommel
Assistant Director for
Legislative Reference
Office of Management and Budget
Executive Office of the President
Washington, D. C. 20503

Dear Mr. Rommel:

Thank you for referring to the Smithsonian Institution for comment enrolled bill H. R. 15842 to increase compensation for District of Columbia policemen, firemen, and teachers; to increase annuities payable to retired teachers in the District of Columbia; to establish an equitable tax on real property in the District of Columbia; to provide for additional revenue for the District of Columbia; and for other purposes.

The Smithsonian Institution expressed strong objection to Section 471 (a) (3) of the House-passed version of the bill which provided that:

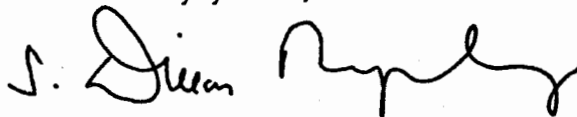
"Real and personal property owned by any instrumentality or independent agency of the United States or of the District of Columbia which, under the laws of the United States, or the District of Columbia is exempt from taxation, except property of any instrumentality or independent agency of the United States or the District of Columbia which, for a period in excess of thirty days, is leased or otherwise made available for use by any person for commercial purposes, in which case, however, no tax shall be assessed against the property of any such instrumentality or agency, but the lessee or

user of the property shall be subject to a tax for the entire period of such use or possession at the same rates and in the same amount and to the same extent as though the lessee or user were the owner of the property. "

However, that section, as well as Section 471 (a) (1) and (2) pertaining to property of the United States and property of the District of Columbia, are not included in the enrolled bill, and the Smithsonian, therefore, withdraws its objection.

Inasmuch as the substance of H. R. 15842 falls within the purview of the Government of the District of Columbia, we would respectfully defer thereto for recommendations on the enrolled bill.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "S. Dillon Ripley".

S. Dillon Ripley
Secretary

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 556

Date: August 29, 1974

Time: 6:00 p. m.

FOR ACTION: James Cavanaugh
Andre Buckles
✓ Phil Buchen
Bill Timmons

cc (for information): Warren K. Hendriks
Jerry Jones

FROM THE STAFF SECRETARY

DUE: Date: Friday, August 30, 1974

Time: 2:00 p. m.

SUBJECT: Enrolled Bill H. R. 15842 - D. C. Police, Firemen, and
Teacher Pay

ACTION REQUESTED:

___ For Necessary Action

XX For Your Recommendations

___ Prepare Agenda and Brief

___ Draft Reply

___ For Your Comments

___ Draft Remarks

REMARKS:

Please return to Kathy Tindle - West Wing

*No objection
D.C.*

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.

Warren K. Hendriks
For the President

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 556

Date: August 29, 1974

Garth Sigurd

Time:

6:00 p. m.

FOR ACTION: James Cavanaugh
 Andre Buckles
 Phil Buchen
 Bill Timmons

cc (for information): Warren K. Hendriks
 Jerry Jones

FROM THE STAFF SECRETARY

DUE: Date: Friday, August 30, 1974

Time: 2:00 p. m.

SUBJECT: Enrolled Bill H. R. 15842 - D. C. Police, Firemen, and Teacher Pay

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Please return to Kathy Tindle - West Wing

OBE

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.

Warren K. Hendriks
For the President

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

AUG 29 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 15842 - D.C. Police, Firemen, and
Teacher Pay
Sponsor - Rep. Diggs (D) Michigan

Last Day for Action

September 3, 1974 - Tuesday

Purpose

Provides salary increases for D.C. policemen, firemen and teachers; establishes a salary setting mechanism for these employees after home rule goes into effect; increases annuities for certain retired D.C. teachers; amends substantially the basis and method for setting and administering the property tax on real estate; authorizes the D.C. Council to increase certain taxes to meet the cost of the employee pay increases; and makes numerous other changes in related laws.

Agency Recommendations

| | |
|--|---------------------------|
| Office of Management and Budget | Approval |
| District of Columbia | Approval |
| Civil Service Commission | Approval |
| Federal Mediation and Conciliation Service | Approval |
| National Capital Planning Commission | Approval |
| Department of the Treasury | No objection |
| Department of the Interior | No objection |
| Department of Housing and Urban Development | No objection |
| Smithsonian Institution | Defers to D.C. Government |

Discussion

Title I of H.R. 15842 provides for a 16 percent salary increase for D.C. policemen and firemen, retroactive to July 1, 1974. This would increase a private's beginning salary from \$10,000 to \$11,600. (The increase would also apply to the U.S. Park Police and the Executive Protective Service, since the pay of these Federal employees is based on that of the District police.) The D.C. Government had requested an increase of 10 percent. The last pay increase for policemen and firemen was for 17 percent, effective May 1, 1972.

In its views letter on the enrolled bill, the Civil Service Commission notes,

" . . . The last pay increase for these police and firemen was effective in May 1972. Since then, General Schedule pay rates have increased more than ten percent. On the basis of this comparison, a sixteen percent increase for these police and firemen would be very generous. However, another General Schedule pay increase is scheduled to become effective this October. If this anticipated General Schedule increase is included in the comparison, the sixteen percent increase for police and firemen does not appear to be unreasonable."

The cost of this increase for fiscal year 1975 would be \$18.5 million for D.C. policemen and firemen, \$2.45 million for the Executive Protective Service, and \$1.6 million for the Park Police.

Title I would establish procedures for an annual joint labor/management review of pay of policemen and firemen with recommendations by the Mayor to the City Council of any proposed changes.

Title I would also establish procedures for the settlement of labor disputes and collective bargaining negotiations between the District Government and representatives of the policemen and firemen, including mandatory arbitration in the case of an impasse. The District Government, in its views letter on the enrolled bill, objects to the mandatory arbitration provisions because they would remove the incentive for serious negotiations and because the factors to be considered by the arbitrators are not spelled out. It comments:

"Experience in both the private and public sectors indicates that compulsory and binding arbitration generally results in dissatisfaction by both parties and sets a foundation for future labor conflict."

In this connection, the Civil Service Commission comments in its views letter:

". . . we must point out that it would be extremely inappropriate, in our view, for the District of Columbia Government to be setting pay in the future for the Federal employees in the U.S. Park Police and the Executive Protective Service. Under current law, the officers and members of these two Federal police forces are paid at the same rates as the Metropolitan Police. We believe it is essential that this statutory pay linkage be severed before the District Government takes action, presumably during the second half of 1975, to change the pay rates for the Metropolitan Police."

The future relationship of Park Police and Executive Protective Service salaries and retirement benefits to those of D.C. police is currently under review in the Executive branch, and recommendations from that review will be forthcoming at a later date.

In addition, Title I would amend the policemen and firemen retirement system to provide that a retirement or disability annuity be based on a 12 month average, rather than the current highest day's salary. This would remove the incentive for retirement immediately after a pay raise or promotion, and according to the District Government can be expected to result in savings in pension costs.

Finally, Title I would require that an officer who seeks disability retirement without the concurrence of the Board of Police and Fire Surgeons has the burden of proving that the condition was caused or aggravated by the performance of duty. Currently, the burden of proof is on the Police or Firemen's Relief Board to show that performance of duty was not at fault. Disability retirements for the first half of 1974 accounted for 57 percent of all retirements. This provision should reduce that number significantly.

Title II would provide for a two-stage salary increase of 13 percent for D.C. teachers. A 10 percent raise would be effective September 1, 1974, with the remaining 3 percent to be effective on January 1, 1975. The District Government had requested a 10 percent increase effective January 1, 1975. The last teacher increase was for 12 percent in two stages -- 7 percent in September 1972 and 5 percent in September 1973. The trend nationally in recent years has been roughly a 6 percent annual raise. Thus, the teachers' increase in this bill is more liberal than the national trend. The 1975 cost of the teachers' pay raise is estimated at \$13.8 million. Title II also would provide for a yearly review by the Board of Education of teachers' salaries, and recommendations by it to the Mayor and by him to the City Council of any proposed changes. (Unlike the provision for policemen and firemen, this provision does not provide for joint review by labor and management or for arbitration.)

Title III would increase annuities by \$240 per year for teachers who retired prior to October 20, 1969, and by \$132 per year for their survivors. It would also provide that no teacher's annuity shall be less than the minimum amount provided for social security recipients, currently set at \$93.80. The District Government opposed this provision because of its cost, estimated at \$292,000 for fiscal year 1975. We note that similar provisions for retired Federal civil service annuitants were recently enacted in Public Law 93-273.

Title IV would extensively revise the real property tax system in the District. It would provide for assessment at 100 percent of the market value of real property, but would leave the setting of the tax rate itself to the City Council. Currently, real property is assessed at substantially less than 100 percent. Recent court challenges have upset present assessment procedures and have resulted in revenue losses for the District. H.R. 15842 would provide a legislative basis for assessments, require public notification, and establish an independent Board of Equalization and Review as part of a simplified appeals procedure. The District Government in its views letter, states that it would have preferred that these property tax changes be left for action by the new City Council. It especially objects to some of these changes taking effect immediately, since present law requires that the taxpayer receive the tax bill by September 1 and pay one-half of the amount due by September 30. There is not sufficient time now to recompute the tax bills by September 1.

While the new assessment procedures do not take effect until January 1975, the bill requires the property tax rate to be set high enough so as to raise at least \$146 million for fiscal year 1975. This will require a higher property tax rate to be set for fiscal year 1975, unless other taxes are raised by the City as noted below to offset the pay increases cost.

Title IV would also authorize the City Council, upon enactment of the bill, to raise certain taxes to help cover the cost of the salary increases. The taxes involved include income, sales, use, cigarette, alcohol and motor vehicle fuel taxes.

The cost of the salary increases for District employees are \$14.3 million more than that currently provided for in the District's budget and financial plan. The Mayor has indicated that he will propose to the City Council a financing plan to cover this deficit within the next few months.

This title would also provide tax relief and incentives to improve or rehabilitate residential, commercial and historical properties, and for tax relief for low income persons whose property tax exceeds a certain percentage of their income (the so-called "circuit-breaker" provisions). It would authorize an urban homestead program for properties acquired by the District Government at tax foreclosure sales and would repeal the District sales tax on live productions of the performing arts.

Title V would provide that the District Government may legislate changes to this bill after home rule goes into effect on January 2, 1975, subject to the limitations and prohibitions in the Home Rule Act.

In its views letter, the District Government makes the following comments on the budget impact of H.R. 15842:

"The fiscal year costs of the salary increases for District police and firemen are estimated at \$18.5 million and the costs for teachers and educational employees are estimated to be \$13.8 million, for a total in fiscal year 1975 of \$33.3 million. The additional costs of administration and the requirement of annual assessments in Title IV of H.R. 15842 are estimated at \$1 million, and in fiscal year 1976 the 'circuit breaker' provisions of Title IV will cost an estimated \$4.6 million and the repeal of the admissions tax on artistic performances will result in a revenue loss of approximately \$300,000.

"The estimated cost of the pay increases authorized by the enrolled bill exceeds the funding reserve established by the District Government by approximately \$14.3 million. Accordingly, we will carefully consider potential sources of funding and will propose the necessary and responsible actions needed to finance the employee pay increases for the consideration of the D.C. Council.

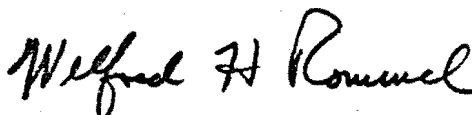
"Although the District would have preferred the acceptance of our recommendations, the enrolled bill contains many beneficial provisions as well as salary increases for employees whose pay has not been recently adjusted.

"The District Government recommends the approval of H.R. 15842."

The Senate version of the bill incorporated a one-time increase of \$14 million in the Federal payment to fund the major portion of the gap in fiscal year 1975 between the District's financial plan and the additional cost required under the bill. However, this provision was stricken in conference, and Rep. Natcher has indicated strong opposition to any Federal funding of the bill's added costs.

* * * *

While we have reservations about various features of the bill and regard some of the pay increases as excessive, we do not believe these reservations are sufficiently serious as to warrant disapproval of the bill, particularly since the bill's subject matter is largely one of local concern under the home rule concept.



Assistant Director for
Legislative Reference

Enclosures



THE DISTRICT OF COLUMBIA

WASHINGTON, D.C. 20004

WALTER E. WASHINGTON
Mayor-Commissioner

AUG 28 1974

Mr. Wilfred H. Rommel
Assistant Director for
Legislative Reference
Office of Management and Budget
Washington, D.C.

Dear Mr. Rommel:

This is in reference to a facsimile of an enrolled enactment of Congress entitled:

H.R. 15842 - To increase compensation for District of Columbia policemen, firemen, and teachers; to increase annuities payable to retired teachers in the District of Columbia; to establish an equitable tax on real property in the District of Columbia; to provide for additional revenue for the District of Columbia; and for other purposes.

Part I of H.R. 15842 provides overall average salary increases for District policemen and firemen of 16 percent, retroactive to the first pay period beginning on or after July 1, 1974. The entrance salary for police and fire privates will be increased from \$10,000 to \$11,600 with a maximum salary after sixteen years of service of \$16,705.

Title I (Part I) of the enrolled bill also provides that helicopter pilots and bomb disposal officers shall receive \$2,270 per annum in addition to their scheduled rate of pay and that, in the event they are reassigned to other duties, the resulting reduction in salary will not be considered an adverse action; that an officer who leaves the service and is subsequently rehired within a three-year period,

may be brought back in at a private's salary not higher than the salary of the grade and step which he formerly held; and that in the event dog handlers are reassigned to other jobs or their positions are reclassified the resulting reduction in salary will not be considered an adverse action. It is further provided in Title I (Part I) that in the event technicians are reclassified as non-technicians a reduction in salary will not result and the bill provides for an 8% increase in the pay of technicians. Title I (Part I) of the enrolled bill also clarifies section 401 of the District of Columbia Police and Firemen's Salary Act of 1958 (D.C. Code, sec. 4-832) by providing that in computing continuous service only periods of satisfactory service in the police or fire departments and in the armed forces shall be counted. This title also redefines certain holidays for public safety personnel to conform to Federal three-day holiday designations.

Part 2 of Title I of the enrolled bill requires the Mayor to conduct an annual survey of the salaries and fringe benefits being paid police and firemen in the Washington Metropolitan Area and other cities of comparable size, including data as to the cost of living and comparable Federal and District classified salaries. The composition of the study committee and the dates when the results of the study shall be made public are specified in the bill.

This Part of Title I further provides that after January 2, 1975, the Mayor shall recommend to the Council any negotiated solution with respect to changes in compensation arrived at by collective bargaining and shall recommend that the Congress be requested to appropriate sufficient funds for that purpose; the first such recommendation to be made no later than October 1, 1975. It is also provided that, if the parties reach an impasse in negotiations, the Director of the Federal Mediation and Conciliation Service shall select a mediator and that, if mediation does not resolve the dispute, the Director is authorized, upon the request of either party, to submit the matter to binding arbitration.

Part 3 of Title I amends the Police and Firemen's Retirement and Disability Act by defining "average pay" as the highest annual rate resulting from averaging the salary in effect for any twelve consecutive months of police or fire service and substitutes "average pay" for "basic salary" in other parts of the Act. This basis for computing retirement or disability annuities of District police and firemen replaces the current method of calculation based on the highest day's salary paid and is comparable to procedures used for most other government retirees.

Part 3 also establishes through legislation a Police and Firemen's Retirement and Relief Board and provides that members seeking disability retirement without the supporting recommendation of the Board of Police and Fire Surgeons shall themselves have the burden of proof in proceedings before the new Board. It is further provided that employment questionnaires or medical examinations of members who have reached the age of 50 shall not be required.

Title II of the enrolled bill amends the Teachers' Salary Act of 1955 and contains other provisions to provide: (1) salary increases to educational employees covered by the Act; (2) minimum annual reporting requirements regarding future salary adjustments; (3) establishment of a five year teaching certificate, and (4) certain degree requirements for attendance officers and child labor inspectors.

Section 202 provides salary increases to educational employees covered by the Teachers' Salary Act of 1955 in two steps - a 10 percent increase effective September 1, 1974 and a 3 percent increase effective January 1, 1975. The starting salary for a teacher with a bachelor's degree will be increased from \$8,350 to \$9,650. The Superintendent's salary, however, is limited in both instances so as not to exceed that payable at level III of the Executive Schedule. All other employees are limited to the amount payable at level V of the Executive Schedule. Section 202 also contains a similar two-step increase for teachers and administrators serving in the summer school and adult education programs.

Section 203 of the bill establishes an annual process for salary review beginning in 1975, which requires the Board of Education to submit to the Mayor by March 1 information regarding changes in the cost of living since the last salary increase for teachers, salaries of teachers in cities of comparable size and in the other jurisdictions in the Washington Metropolitan Area. The Mayor in turn is required to submit this information to the Council with his recommendations with respect to compensation and other related matters.

Section 204(a) creates a five-year renewable teaching certificate for all employees in class 15 of the salary schedule. Renewals are dependent upon application and six hours of appropriate credit earned during the preceding five-year period. The Board of Education is authorized to establish appropriate rules and regulations to carry out this provision.

Section 204(b) allows persons possessing thirty appropriate semester hours (as determined by the Board of Education) to qualify for class 15, group B. Currently a masters degree is required for this group.

Section 205 returns to law the degree requirement that was removed in 1972 for the positions of attendance officer and child labor inspector.

Title III of the enrolled bill amends the Act entitled "An Act for the retirement of public school teachers in the District of Columbia, to (1) provide a minimum monthly annuity equivalent to the minimum provided for social security recipients under Title II of the Social Security Act; and (2) increase by flat-dollar amounts all annuities, based on separation effected prior to October 20, 1969. The increase is \$240 per year for teacher retirees and \$132 per year for survivor annuitants. The increases made by these amendments are the same as those provided persons covered under the Civil Service retirement system by P. L. 93-273.

Title IV of the enrolled bill, which may be cited as the "District of Columbia Real Property Tax Revision Act of 1974", extensively revises the real property tax rate structure in the District. Sections 411,

412, and 413 provide new procedures for establishing the real property tax rate. These sections, in addition to section 461, are effective for fiscal year 1975. Briefly, the Commissioner is required to certify to the Council, within 30 days after the Act becomes law, that tax rate which when applied to the estimated 1975 property tax base, exclusive of new construction, will produce the same amount of revenue as was produced from the property tax at the rate that was in effect in the immediately preceding fiscal year, i.e., the \$3.32 rate of fiscal year 1974 which produced approximately \$138.3 million. This rate (the computed rate) will automatically become the "actual" or legal tax rate unless the Council acts within 30 days to set another rate other than the "computed rate".

Section 415 requires that comparative studies be made by the Council to indicate relative tax rates and burdens for jurisdictions within the Metropolitan Area of Washington and for other cities to assure that tax burdens in the District are reasonably comparable to other jurisdictions here and elsewhere.

Subpart B of Title IV relating to assessment and administration provides the following major provisions:

1. Property will be assessed at 100% of its estimated market value;
2. Reassessment must take place every (2) years at a minimum, with annual assessments by fiscal year 1978;
3. Requires the Commissioner to provide a full disclosure policy so that the taxpayer and the assessor shall have all needed information in order to furnish full public information regarding the administration of the real property tax laws;
4. Requires the Commissioner to propose within 45 days, and the Council to enact within 90 days after the effective date of the title, regulations with respect to assessment and administration of the property tax; and
5. Establishes a new Board of Equalization and Review effective on January 1, 1975, with new and additional functions and duties.

Section 430 provides that the Council shall have the authority to establish by regulation a homestead exemption of up to \$3,000 for low and moderate income families who rent or own single family homes. The exemption would be limited to some yet to be determined income ceiling and would be restricted to row, detached, or semi-detached dwellings.

Section 431 authorizes the Council to establish certain tax incentive programs for rehabilitation of property, new construction, and for other purposes.

Section 435 provides a tax deferral program, if the taxpayers' property tax burden increases by more than ~~10~~ 10% over the immediately preceding year. The taxpayer would be eligible for a tax deferral if he meets all other eligibility requirements which are specified in section 435(a)(1) through (7). Taxes deferred bear interest at the average Treasury bill rate for the preceding 12 months and such rate is to be certified by the Secretary of the Treasury. The amount of taxes plus interest deferred cannot exceed 10% of the current assessed value of the taxpayers property. The taxes deferred and interest thereon shall constitute a preferential lien upon the taxpayers property payable by the seller when transferred.

Sections 437 and 438 would permit the District Government to take title to property which it bids in at a tax sale, and to use such properties for an urban homesteading or similar program.

Section 441 provides a new and additional property tax exemption for property used for legitimate theater, music, or dance purposes.

Part 4 of Title IV will allow, effective January 1, 1975, District homeowners and renters having household incomes equal to or less than \$6,999 a property tax credit or rebate if the property taxes paid, or rent constituting property taxes paid, exceed a prescribed percentage of their annual household income. The first \$400 of taxes paid, or rent constituting property taxes paid may be used in computing relief, thereby restricting the maximum relief or credit to \$320. The annual cost of this provision is estimated at \$5.1 million, including costs of administration.

Part 6 of Title IV empowers the Council, on the effective date of the bill, to increase the rates of the income, sales, use, cigarette, alcoholic beverage, motor fuels, and other taxes in order to provide additional revenue for the pay increases provided in other titles of the bill. Section 473 eliminates the charging of the current 5 percent sales tax on admissions to live performances of the various arts specified therein. It is estimated that this exemption will result in a loss of \$300,000 in sales tax revenues.

The District Government supports the salary increases for police, firemen, and teachers contained in the enrolled bill. Throughout the Congressional deliberations, the District Government pointed out a number of concerns which the various versions of the proposed legislation presented to the city. A number of these concerns remain a part of the enrolled bill and are outlined below.

In draft legislation submitted to the Congress on April 24, 1974 and May 29, 1974, the District Government proposed an average increase of ten percent in the salaries of police and firemen effective July 1, 1974, and an increase of ten percent in the salaries of teachers and other educational employees effective January 1, 1975.

The District Government's proposed pay increases were considered in the context of the city's policies for financing the fiscal year 1975 budget. In formulating the budget, we recognized the need to provide salary increases for police officers, firemen, and teachers and included in our initial estimates of 1975 spending requirements the sum needed for what we believed to be fair, reasonable, and comparable pay raises. By directing the city agencies to make certain economies, we were able to develop a 1975 financial plan for meeting our essential requirements, including the proposed pay raises, without requesting increases in local tax rates. Almost every major tax rate had been increased within the last several years, and it was our judgment that the city's competitive position in the metropolitan area would be weakened by additional tax increases in the near future. The financing of our proposed salary increases was included in our 1975 financial plan. We believed that this approach was preferable to one that ties pay increases for specific groups of employees to tax increases.

The cost of the District's pay increase proposal for police officers and firemen was estimated at \$11.4 million for fiscal year 1975. This increase could

have been funded within the proposed financial plan for fiscal year 1975, which indicates our determination to consider salary increases for policemen and firemen within the same budgetary framework applied to all other employees.

The estimated cost for the proposed teachers' salary increase, effective January 1, 1975, would be \$6.6 million for fiscal year 1975 and \$11.0 for a full fiscal year. The estimated 1975 cost can be funded within our financial plan.

Salary increases above the amounts we proposed, as are authorized by H.R. 15842, cannot be financed without additional sources of revenue or a curtailment of services and programs, or both.

Among other major provisions of the enrolled bill to which the District Government interposed strong objections to the Congress is included the procedural functions outlined in Part 2 of Title I. Section III authorizes the establishment of a joint labor-management salary and benefits study committee to conduct annual surveys of the compensation and other working conditions of District police and firemen. It is the view of the District Government that a joint labor-management survey would inhibit local and national jurisdictions from participating because the information would be made available to the unions here and, through them, to their counterparts in the localities surveyed, thereby undermining management bargaining strategies. District management would likewise be limited in its ability to bargain effectively on pay and related matters. A joint survey would not alleviate each party's need for privileged data.

Section 112 imposes mandatory arbitration of collective bargaining impasses. We believe that this means of settlement would remove the incentive for the parties to engage in the give and take of serious negotiations when they know that a third party will eventually decide the issues for them. Section 112 does not identify the factors to be considered by the arbitrators; does not allow for other means of settlement, for example a tripartite board of arbitrators that the parties may agree upon; and it does not provide for sharing the considerable cost of arbitration. Experience in both the private and public sectors indicates that compulsory and binding arbitration generally results in dissatisfaction by both parties and sets a foundation for future labor conflict.

The District would have preferred that the substantive changes in the real property tax laws be left for review and study by the new Council of the District of Columbia. Among other things, we consistently urged that the effective date of the assessment provisions of Title IV of H.R. 15842 be changed from 1974 to fiscal year 1976. Present law requires that tax bills be received by the taxpayer by September 1st of each year and that one-half of the amount due be paid by September 30th. It is not possible to recompute tax bills by the September 1st date. The publication requirements, especially those of section 424(d) will be extremely costly to the District, and the publication requirements for assessment ratios will present administrative difficulties in that this section refers to an entity called a "neighborhood" without otherwise defining the term.

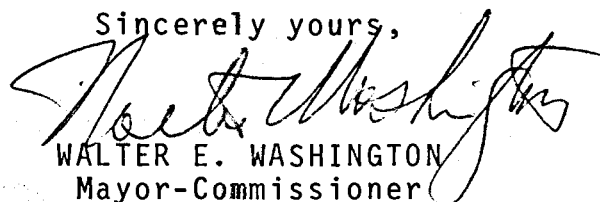
The fiscal year costs of the salary increases for District police and firemen are estimated at \$18.5 million and the costs for teachers and educational employees are estimated to be \$13.8 million, for a total in fiscal year 1975 of \$33.3 million. The additional costs of administration and the requirement of annual assessments in Title IV of H.R. 15842 are estimated at \$1 million, and in fiscal year 1976 the "circuit breaker" provisions of Title IV will cost an estimated \$4.6 million and the repeal of the admissions tax on artistic performances will result in a revenue loss of approximately \$300,000.

The estimated cost of the pay increases authorized by the enrolled bill exceeds the funding reserve established by the District Government by approximately \$14.3 million. Accordingly, we will carefully consider potential sources of funding and will propose the necessary and responsible actions needed to finance the employee pay increases for the consideration of the D.C. Council.

Although the District would have preferred the acceptance of our recommendations, the enrolled bill contains many beneficial provisions as well as salary increases for employees whose pay has not been recently adjusted.

The District Government recommends the approval of H.R. 15842.

Sincerely yours,



WALTER E. WASHINGTON
Mayor-Commissioner



UNITED STATES CIVIL SERVICE COMMISSION

WASHINGTON, D.C. 20415

CHAIRMAN

August 27, 1974

Honorable Roy L. Ash
Director
Office of Management and Budget

Attention: Assistant Director for Legislative Reference

Dear Mr. Ash:

This is in response to your request for the views and recommendation of the Civil Service Commission on enrolled bill H.R. 15842, a bill "To increase compensation for District of Columbia policemen, firemen, and teachers; to increase annuities payable to retired teachers in the District of Columbia; to establish an equitable tax on real property in the District of Columbia; to provide for additional revenue for the District of Columbia; and for other purposes."

Title I of enrolled bill H.R. 15842 deals with pay and retirement benefits for police and firemen in the District of Columbia. Part 1 of title I of the enrolled bill would provide a sixteen percent pay increase for the Metropolitan Police force, the District of Columbia Fire Department, the U. S. Park Police, and the Executive Protective Service, retroactive to the first pay period beginning on or after July 1, 1974. The last pay increase for these police and firemen was effective in May 1972. Since then, General Schedule pay rates have increased more than ten percent. On the basis of this comparison, a sixteen percent increase for these police and firemen would be very generous. However, another General Schedule pay increase is scheduled to become effective this October. If this anticipated General Schedule increase is included in the comparison, the sixteen percent increase for police and firemen does not appear to be unreasonable.

The first part of title I also contains certain revisions in pay administration rules for police and firemen. Since the Civil Service Commission is not involved in the administration of the pay system for police and firemen, we defer to the views of the District of Columbia Government on these provisions.

Part 2 of title I of the enrolled bill would establish a procedure by which the District of Columbia Government would determine pay increases for police and firemen in the future. This part also provides a procedure for the resolution of collective bargaining disputes between the District Government and the police and firemen. We defer to the views of the District Government on the suitability of these procedures insofar as they would affect the Metropolitan Police force and the District of Columbia Fire Department. However, we must point out that it would be extremely inappropriate, in our view, for the District of Columbia Government to be setting pay in the future for the Federal employees in the U.S. Park Police and the Executive Protective Service. Under current law, the officers and members of these two Federal police forces are paid at the same rates as the Metropolitan Police. We believe it is essential that this statutory pay linkage be severed before the District Government takes action, presumably during the second half of 1975, to change the pay rates for the Metropolitan Police.

Part 3 of title I of the enrolled bill would make certain changes in the retirement system for District police and firemen. This retirement system covers the U. S. Park Police, the Executive Protective Service, and certain members of the Secret Service, as well as District of Columbia police and firemen. Currently, annuities under this retirement system are based on the highest day's salary an employee under the system has ever received. The enrolled bill would provide that annuities would instead be based on the highest average annual salary an employee has received during any twelve consecutive months of service. The enrolled bill would also make certain changes which are expected to reduce the number of disability retirements under the police and firemen's retirement system. We believe these provisions of the enrolled bill are desirable.

Title II of enrolled bill H.R. 15842 would provide a ten percent pay increase for District of Columbia school teachers, effective on September 1, 1974, and an additional three percent to become effective on January 1, 1975. These teachers received their last pay increase in September 1973, and a ten percent pay increase a year later, to be followed four months later by an additional three percent, appears to us to be extremely generous. However, we will defer to the views of the District of Columbia Government on this subject.

Title III of the enrolled bill would provide a minimum monthly annuity for retired District of Columbia school teachers. This minimum annuity would be the same as the smallest amount payable to Social Security recipients (currently \$93.80 a month). An identical provision for a minimum monthly annuity was added to the Civil Service Retirement law this year by Public Law 93-273. It appears appropriate to us for the retirement system for District school teachers to also include a provision for a minimum annuity.

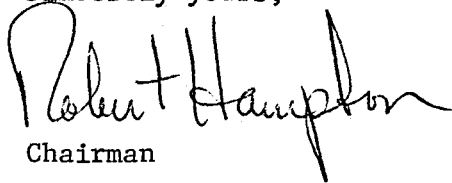
Title IV of the enrolled bill would make certain changes in the real property tax system in the District of Columbia, and would also make certain other changes in the tax laws for the District. We have no comment on these provisions.

Title V of the enrolled bill makes it clear that no provision of H.R. 15842 would restrict the authority of the District of Columbia Council to enact, after January 2, 1975, any act, resolution, or regulation relating to any matter covered by H.R. 15842. We have no comment on this provision.

The Civil Service Commission recommends, from the standpoint of the Federal personnel system, that the President sign enrolled bill H.R. 15842 into law.

By direction of the Commission:

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Robert Hampton". The signature is written in dark ink and is positioned above the printed name "Chairman".

Chairman

FEDERAL MEDIATION AND CONCILIATION SERVICE

UNITED STATES GOVERNMENT

WASHINGTON, D.C. 20427

August 23, 1974

OFFICE OF THE DIRECTOR

Mr. W. H. Rommel
Assistant Director for Legislative Reference
Office of Management and Budget
Washington, D. C. 20503

Attention: Mrs. Garziglia

Dear Mr. Rommel:

This will respond to your request of
August 22, 1974 for our views regarding H. R. 15842.

We have reviewed those sections of the bill which affect the Federal Mediation and Conciliation Service, in particular Title I, Sections 111 and 112. While we foresee no major problems in carrying out the responsibilities assigned to us by this legislation, I would point out two matters that may require clarification.

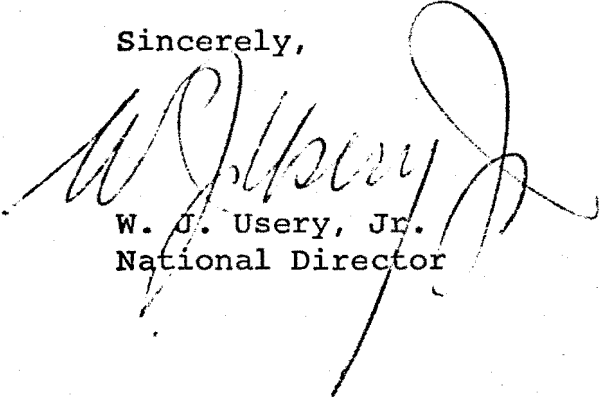
Section 112(c) requires the Director of the FMCS, upon notification that an impasse exists, to select "an impartial person experienced in public sector disputes to serve as a mediator." Section 112(e) goes on to specify how such a person should be compensated. While the language of Section 112(c) is not clear, we would assume that it was the intent of Congress that the FMCS proffer the services of one of its experienced mediators, in keeping with their intent in Title II of the Labor-Management Relations Act, 1947, as amended. Indeed, it has been our practice in the past to do so upon the request of the parties in public sector disputes in the District of Columbia.

In addition, it appears to me that there may be some inconsistent language in Section 112. Thus Section 112(c) addresses itself to the impasse procedure to be followed in negotiations on or before the expiration date of existing collective bargaining agreements, but makes no mention of any impasse procedure for initial contract disputes. However, Section 112(d) states that if the procedures in subsection (c) are implemented, the status quo in effect prior to contract expiration date or prior to impasse in initial contract bargaining remains in effect until the mediation and/or arbitration is completed. Despite the language in Section 112(d), it does not appear that Congress has expressly made the impasse procedure applicable to initial contract disputes. In our view the impasse procedure in Section 112(c) should be as applicable in both contract renewal and initial contract disputes, and perhaps the statutory language or congressional intent could be clarified to so reflect.

We think that the purposes and objectives of Title I of this bill are sound from the point of view of labor-management relations and, notwithstanding the exception of the two examples of statutory language which perhaps could be clarified to better express congressional intent, we recommend that the President sign this legislation.

Should you wish to discuss this legislation further, I suggest that you contact our General Counsel, Herbert Fishgold; his telephone number is 961-3714.

Sincerely,



W. J. Usery, Jr.
National Director

NATIONAL CAPITAL PLANNING COMMISSION

WASHINGTON, D.C. 20576

August 26, 1974

Mr. Wilfred H. Rommel
Assistant Director for
Legislative Reference
Office of Management and Budget
Executive Office of the President
Washington, D.C. 20503

Dear Mr. Rommel:

Reference is made to your recent request for the Commission's comments on enrolled bill H.R. 15842, an Act "To increase compensation for District of Columbia policemen, firemen, and teachers; to increase annuities payable to retired teachers in the District of Columbia; to establish an equitable tax on real property in the District of Columbia; to provide for additional revenue for the District of Columbia; and for other purposes."

The Commission has no objection to the enactment of this legislation and recommends approval by the President.

Sincerely yours,



Donald F. Bozarth
Acting Executive Director



THE GENERAL COUNSEL OF THE TREASURY
WASHINGTON, D.C. 20220

AUG 26 1974

Director, Office of Management and Budget
Executive Office of the President
Washington, D. C. 20503

Attention: Assistant Director for Legislative
Reference

Sir:

Your office has requested the views of this Department on the enrolled enactment of H.R. 15842, "To increase compensation for District of Columbia policemen, firemen, and teachers; to increase annuities payable to retired teachers in the District of Columbia; to establish an equitable tax on real property in the District of Columbia; to provide for additional revenue for the District of Columbia; and for other purposes."

The enrolled enactment, insofar as its principal provisions are of primary interest to this Department, would (1) increase the salary of members of the Executive Protective Service by 16%, retroactive to the first pay period beginning after July 1, 1974; and (2) provide for the computation of retirement benefits on the basis of the highest rate of pay in effect over a consecutive 12-month period in lieu of on the basis of the highest day's salary.

The Department would have no objection to a recommendation that the enrolled enactment be approved by the President insofar as the foregoing provisions are concerned. The cost of the salary increase that would be provided the members of the Executive Protective Service is estimated at approximately \$2,450,000 for fiscal year 1975.

The Department has noted that Part 2 of Title I of the enrolled enactment would provide for an annual study and recommendations with respect to the pay and conditions of employment of District police and firemen. The study would not encompass the salaries of members of the Executive Protective Service. It has also been noted that the members of the Executive Protective Service would remain under the District police and firemen's retirement system and section 122 of Part 3 of Title I of the enrolled enactment would reconstitute the Police and Firemen's Retirement and Relief Board, but the Board

would have no Federal representation. In that connection, the Office of Management and Budget in a report dated June 10, 1974 to Representative Rees stated that the issue of the future status of U.S. Park Police and Executive Protective Service employees with respect to future salary legislation and pension funding is complex; that these problems are currently under review by the Executive Branch; and that as soon as these issues are resolved appropriate recommendations will be presented to the Congress. The Department would like to take this opportunity to request that it be permitted to participate in the foregoing review.

Sincerely yours,


General Counsel



United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

AUG 23 1974

Dear Mr. Ash:

This responds to your request for the views of this Department on the enrolled bill H.R. 15842, "To increase compensation for District of Columbia policemen, firemen, and teachers; to increase annuities payable to retired teachers in the District of Columbia; to establish an equitable tax on real property in the District of Columbia; to provide for additional revenue for the District of Columbia; and for other purposes."

We would have no objection to approval of the bill by the President.

H.R. 15842 is an omnibus bill consisting of four related pay and revenue measures to provide pay increases for District of Columbia police, firemen, and teachers, to increase annuities for retired public school teachers who retired prior to October, 1969, and to establish an equitable tax on real property in the District of Columbia.

Sincerely yours,

Acting Assistant Secretary of the Interior

Honorable Roy L. Ash
Director
Office of Management and Budget
Washington, D. C.



Save Energy and You Serve America!



THE GENERAL COUNSEL OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D. C. 20410

AUG 27 1974

Mr. Wilfred H. Rommel
Assistant Director
Legislative Reference
Office of Management and Budget
Washington, D. C. 20503

Attention: Mrs. Garziglia

Dear Mr. Rommel:

Subject: H. R. 15842, 93d Congress
Enrolled Enactment

This is in response to your request for our views on the enrolled enactment of H. R. 15842, an Act "To increase compensation for District of Columbia policemen, firemen, and teachers; to increase annuities payable to retired teachers in the District of Columbia; to establish an equitable tax on real property in the District of Columbia; to provide for additional revenue for the District of Columbia; and for other purposes."

The enrolled enactment would amend and increase the present salary schedule for District of Columbia policemen and firemen, and provide for an increase in the salaries and annuities of District of Columbia teachers. In addition, the enactment would revise the procedures for establishing District real property tax rates and provide for assessments based on 100 percent of market value. Tax relief would be granted for low-income homeowners and renters and for historic properties, and tax incentives would be provided for property rehabilitation.

Of particular interest to this Department are those provisions of the enactment authorizing the District of Columbia Council to establish a program under which property acquired

by tax sale may be transferred to persons who guarantee to occupy and pay taxes on such property for at least five years, and to bring the property into reasonable compliance with District codes. In testifying on proposed "homesteading" legislation for the District of Columbia introduced earlier in this session of Congress, we had expressed our concern that legislation providing for a large-scale homesteading program for the District with a detailed statutorily imposed framework would be premature in view of recently enacted Home Rule legislation. We believe, however, that the "homesteading" type of authority proposed under the enactment is discretionary in nature and sufficiently flexible to enable the District government to determine the scope of any such program and how it may best be implemented.

The Department of Housing and Urban Development would have no objection to approval of the enrolled enactment.

Sincerely,



Robert R. Elliott



SMITHSONIAN INSTITUTION

Washington, D.C. 20560
U.S.A.

August 26, 1974

Mr. Wilfred H. Rommel
Assistant Director for
Legislative Reference
Office of Management and Budget
Executive Office of the President
Washington, D. C. 20503

Dear Mr. Rommel:

Thank you for referring to the Smithsonian Institution for comment enrolled bill H. R. 15842 to increase compensation for District of Columbia policemen, firemen, and teachers; to increase annuities payable to retired teachers in the District of Columbia; to establish an equitable tax on real property in the District of Columbia; to provide for additional revenue for the District of Columbia; and for other purposes.

The Smithsonian Institution expressed strong objection to Section 471 (a) (3) of the House-passed version of the bill which provided that:

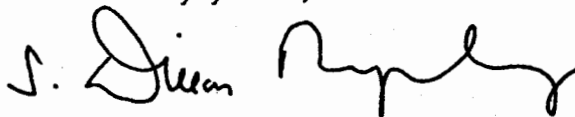
"Real and personal property owned by any instrumentality or independent agency of the United States or of the District of Columbia which, under the laws of the United States, or the District of Columbia is exempt from taxation, except property of any instrumentality or independent agency of the United States or the District of Columbia which, for a period in excess of thirty days, is leased or otherwise made available for use by any person for commercial purposes, in which case, however, no tax shall be assessed against the property of any such instrumentality or agency, but the lessee or

user of the property shall be subject to a tax for the entire period of such use or possession at the same rates and in the same amount and to the same extent as though the lessee or user were the owner of the property. "

However, that section, as well as Section 471 (a) (1) and (2) pertaining to property of the United States and property of the District of Columbia, are not included in the enrolled bill, and the Smithsonian, therefore, withdraws its objection.

Inasmuch as the substance of H. R. 15842 falls within the purview of the Government of the District of Columbia, we would respectfully defer thereto for recommendations on the enrolled bill.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "S. Dillon Ripley".

S. Dillon Ripley
Secretary