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APPROVED
DEC 23 1975

THE WHITE HOUSE

ACTION

WASHINGTON

Last Day: December 29

December 22, 1975

Posted in Colorado 12/23

MEMORANDUM FOR

THE PRESIDENT

FROM:

JIM CANNON

SUBJECT:

Enrolled Bill H.R. 6851 - Annuity Increase for Former Lighthouse Service Employees

To archive 12/24

Attached for your consideration is H.R. 6851, sponsored by Representative Oberstar, which would grant 285 civilian retirees of the former Lighthouse Service an annual annuity increase of \$270, starting in calendar year 1976.

Additional discussion of the enrolled bill is provided in OMB's enrolled bill report at Tab A.

OMB, Max Friedersdorf, Counsel's Office (Lazarus) and I recommend approval of the enrolled bill.

RECOMMENDATION

That you sign H.R. 6851 at Tab B.



A



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

DEC 22 1975

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 6851 - Annuity increase for
former Lighthouse Service employees
Sponsor - Rep. Oberstar (D) Minnesota

Last Day for Action

December 29, 1975 - Monday

Purpose

Increases annuities of retired civilian Lighthouse Service employees by \$270 a year, effective January 1, 1976.

Agency Recommendations

Office of Management and Budget	Approval
Department of Transportation	Approval
Civil Service Commission	Does not recommend veto

Discussion

The enrolled bill would grant 285 civilian retirees of the former Lighthouse Service an annual annuity increase of \$270, starting in calendar year 1976. As explained below, this increase is intended to parallel an annual increase of \$240 granted to comparable civil service retirees effective August 1, 1974. The extra \$30 reflects the two cost-of-living adjustments of 5.1% and 7.3% granted to civil service retirees during 1975.

The Lighthouse Service Retirement Act applies to a small group of civilian lighthouse keepers who were not converted to military status when the former Lighthouse Service was merged with the Coast Guard in 1939. Nearly all eligible

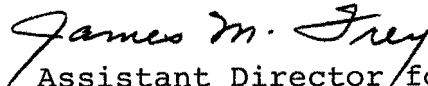
employees under this non-contributory system have now retired. Only one or two eligible active employees remain, so that the system is now essentially a closed one.

The benefits under the Lighthouse Service retirement system have generally been conformed to those of the civil service retirement system by "catch-up" legislation enacted from time to time. A 1972 amendment to the Lighthouse law liberalized the annuity computation formula by permitting those who retired after its effective date to compute annuities based on a "high-3" average salary instead of "high-5." This change, identical with the 1969 liberalization for civil service retirement, produces a higher annuity. In 1974, the Congress provided a \$20 per month (\$240 per year) increase for pre-1969 civil service retirees to compensate for the lower annuity produced by the less generous formula applicable to them. The enrolled bill would provide the same increase for pre-1972 retirees under the Lighthouse system, adjusted to \$22.50 a month (\$270 per year) to reflect cost-of-living increases since 1974.

The House Merchant Marine and Fisheries Committee report estimates the enrolled bill would cost \$38,475 in fiscal year 1976, and \$76,950 for each of the following 5 fiscal years.

The Department of Transportation and the Civil Service Commission (CSC) supported enactment of a \$240 increase in testimony, noting that such an increase would maintain desirable conformity with the civil service retirement system. CSC in its views letter on the enrolled bill points out that the increase of \$270 instead of \$240 would exceed the civil service increase and erode the principle of conformity. CSC notes that the \$240 was granted civil service retirees to compensate for specific liberalizations, without reference to cost-of-living adjustments. However, the Commission does not recommend veto of the enrolled bill.

While it is true that the enrolled bill's recognition of cost-of-living adjustments paid subsequent to enactment of the \$240 increase could be a precedent for similar changes in other "catch-up" legislation, we agree that the provision is not so objectionable as to warrant a veto.


Assistant Director for
Legislative Reference

Enclosures



OFFICE OF THE SECRETARY OF TRANSPORTATION

WASHINGTON, D.C. 20590

DEC 19 1975

Honorable James T. Lynn
Director
Office of Management and Budget
Washington, D.C. 20503

Dear Mr. Lynn:

Reference is made to your request for the views of the Department of Transportation concerning H.R. 6851, an enrolled bill

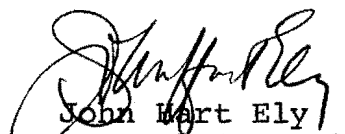
"To increase the retired pay of certain members of the former Lighthouse Service."

H.R. 6851 would increase the annual rate of retired pay of certain members of the former Lighthouse Service, under section 6 of the Act of June 20, 1918, as amended, by \$270 per year.

The Department of Transportation administers the laws relating to the retired pay of former Lighthouse Service employees; and we have proposed legislation similar to H.R. 6851 to amend the Act of June 20, 1918, under which former Lighthouse Service employees are retired. That Act was amended on October 2, 1972, to permit the annuity computation of a retiree on or after that date to be based on the average annual pay received for the last three, rather than the last five, years of service. This change followed a similar amendment in 1969 to the Civil Service Retirement System. In 1974, Public Law 93-273 authorized an increase of \$20 per month for Civil Service employees who retired prior to October 20, 1969, the date the Civil Service Retirement System was amended to include the three vice five year averaging provision. H.R. 6851 extends to former Lighthouse Service employees who retired prior to October 2, 1972, the same benefits already provided Civil service retirees. Although our original proposal recommended an annual increase of \$240, the enrolled bill would increase that amount to \$270 in recognition of the 12.4 per cent automatic cost-of-living increases which Civil Service retirees received during 1975.

We recommend that the President sign the enrolled bill.

Sincerely,


John Hart Ely
General Counsel



UNITED STATES CIVIL SERVICE COMMISSION

WASHINGTON, D.C. 20415

CHAIRMAN

December 19, 1975

Honorable James T. Lynn
Director, Office of Management and Budget
Executive Office of the President
Washington, D.C. 20503

Attention: Assistant Director for
Legislative Reference

Dear Mr. Lynn:

This is in reply to your request for the Commission's views on enrolled bill, H.R. 6851, "To increase the retired pay of certain numbers of the former Lighthouse Service."

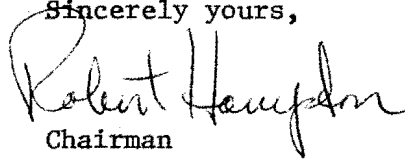
H.R. 6851 would amend the Lighthouse Service Retirement Act (33 U.S.C. 763) which is applicable to civilian employees of the former Lighthouse Service. Specifically, the bill would authorize a \$270 per year (\$22.50 per month) increase in the retired pay of former Lighthouse Service civilian personnel who retired on or before October 1, 1972. From on and after October 2, 1972, annuities of Lighthouse Service personnel have been computed on the basis of "high-3" rather than "high-5" years average salary. This increase is similar to that granted Civil Service retirees by P.L. 93-273, enacted April 26, 1974 except that the \$270 includes the 5.1% and the 7.3% cost-of-living annuity increases granted civil service annuitants since August 1, 1974, the effective date of the increase under P.L. 93-273.

The Commission views conformity among Federal retirement systems as a desirable feature whenever possible. Civil service retirees were granted the \$240 increase to compensate for two specific liberalizations for future retirees without reference to cost-of-living adjustments. The \$270 proposed for Lighthouse retirees would exceed the civil service increase and erode the principle of conformity. The Lighthouse Service Retirement Act, however, is administered by the U.S. Coast Guard, Department of Transportation and enactment of H.R. 6851 would not affect any of the programs administered by the Commission.

Accordingly, the Commission does not recommend that the President veto enrolled bill, H.R. 6851.

By direction of the Commission:

Sincerely yours,

A handwritten signature in cursive script that reads "Robert Hayden". The signature is written in dark ink and is positioned to the right of the typed name "Robert Hayden".

Chairman

To: J. Casanough
12-22-75
5:45 p.m.



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

DEC 22 1975

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 6851 - Annuity increase for former Lighthouse Service employees
Sponsor - Rep. Oberstar (D) Minnesota

Last Day for Action

December 29, 1975 - Monday

Purpose

Increases annuities of retired civilian Lighthouse Service employees by \$270 a year, effective January 1, 1976.

Agency Recommendations

Office of Management and Budget	Approval
Department of Transportation	Approval
Civil Service Commission	Does not recommend veto

Discussion

The enrolled bill would grant 285 civilian retirees of the former Lighthouse Service an annual annuity increase of \$270, starting in calendar year 1976. As explained below, this increase is intended to parallel an annual increase of \$240 granted to comparable civil service retirees effective August 1, 1974. The extra \$30 reflects the two cost-of-living adjustments of 5.1% and 7.3% granted to civil service retirees during 1975.

The Lighthouse Service Retirement Act applies to a small group of civilian lighthouse keepers who were not converted to military status when the former Lighthouse Service was merged with the Coast Guard in 1939. Nearly all eligible

LIGHTHOUSE SERVICE RETIRED PAY

NOVEMBER 13, 1975.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mrs. SULLIVAN, from the Committee on Merchant Marine and Fisheries, submitted the following

REPORT

[To accompany H.R. 6851]

The Committee on Merchant Marine and Fisheries, to whom was referred the bill (H.R. 6851) to increase the retired pay of certain members of the former Lighthouse Service, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

In line 8, strike "240.", and insert in lieu thereof "270."

BACKGROUND

The former United States Lighthouse Service, which functioned in the Department of Commerce until 1939, was consolidated with the Coast Guard effective July 1, 1939, and at that time, provisions were made for the gradual replacement of the civilian personnel in the Lighthouse Service by Coast Guard military personnel.

The officers and employees of the Lighthouse Service who retained their civilian status in the Coast Guard after the consolidation, continued to be governed by the provisions of the basic Lighthouse Service Retirement Act, first passed in 1918, and amended several times since then. Basically that Act, as amended, provides for retirement benefits similar to the retirement benefits of Civil Service employees. The most recent amendment of the Lighthouse Service Retirement Act provided for computing a retiree's annuity on the basis of his average annual pay for his last three, rather than his last five, years of service. This change, enacted in 1972, followed a similar change to the Civil Service Retirement System, enacted in 1969. It applied only to those who retired on or after October 2, 1972, the date of enactment. Subsequently, in 1974, Public Law 93-273 authorized an increase of \$20 per month for former Civil Service personnel who retired prior to October 20, 1969, the date the Civil Service Retirement System was

amended to include the three year, in lieu of the five year, averaging provision. H.R. 6851 would provide for the same \$20 per month increase for those former Lighthouse Service personnel who retired prior to October 2, 1972, thus extending to those retirees the same benefit provided in 1972 for Civil Service retirees.

COMMITTEE ACTION

Hearings were held before the Subcommittee on June 26, 1975, and testimony was received from Mr. Oberstar, author of the bill, from Thomas A. Tinsley, Director, Bureau of Retirement, Insurance and Occupational Health U.S. Civil Service Commission, and from Rear Admiral Robert W. Durfey, Chief, Office of Personnel, U.S. Coast Guard, accompanied by Lt. Michael C. Grace, Office of the Chief Counsel, U.S. Coast Guard. The testimony of all three witnesses was in support of the bill.

During the course of his testimony on the bill, the sponsor recommended an amendment, based upon the fact that, since the amendment to the Civil Service Retirement benefits in 1974 (which provided the comparable increase for Civil Service retirees now proposed in H.R. 6851 for Lighthouse Service retirees), there have been two cost-of-living increases, the first of 7.3 percent, and the second of 5.1 percent.

H.R. 6851 was considered by the Subcommittee in markup session on September 24, 1975. In accordance with the sponsor's recommendation, the Subcommittee adopted an amendment and unanimously recommended favorable Committee action on the bill, as so amended. On October 22, 1975, the bill, as amended, was ordered reported by the Full Committee, by unanimous voice vote.

COST OF THE LEGISLATION

Pursuant to clause 7 of rule XIII of the Rules of the House of Representatives, the Committee estimates that the cost of the legislation will be \$38,475 for fiscal year 1976, and \$76,950 for each of the following five fiscal years. This estimate is based upon the eligibility of 285 retirees, the number eligible for the increase provided at the time of the hearings. The cost will be gradually reduced as the retirees are removed from the retired roles. The estimate for fiscal year 1976 is based upon passage of the legislation prior to January 1, 1976.

COMPLIANCE WITH CLAUSE 2(1)(3) OF RULE XI

With respect to the requirements of Clause 2(1)(3) of rule XI of the Rules of the House of Representatives—

- (A) No oversight hearings on this subject have been held;
- (B) Pursuant to Section 308(a) of the Congressional Budget Act of 1974, the Committee reports that the additional expenditure of \$38,475 in fiscal year 1976 was contained within the level of Committee Estimates submitted to the Committee on the Budget on March 14, 1975;
- (C) No estimate and comparison of costs has been requested or received by the Committee from the Director of the Congressional

Budget Office, pursuant to Section 403 of the Congressional Budget Act of 1974; and

(D) The Committee has received no report from the Committee on Government Operations as to oversight findings and recommendations arrived at pursuant to Clause 2(b)(2) of rule X.

INFLATIONARY IMPACT STATEMENT

Pursuant to clause 2(1)(4) of rule XI of the Rules of the House of Representatives, the Committee has determined that the legislation includes no potential for inflationary impact.

CHANGES IN EXISTING LAW

If enacted, this bill would make no changes in existing law.

DEPARTMENTAL REPORTS

H.R. 6851 was the subject of reports from the Civil Service Commission and the Department of the Treasury. These reports follow herewith:

U.S. CIVIL SERVICE COMMISSION,
Washington, D.C., June 26, 1975.

HON. LEONOR K. (Mrs. John B.) SULLIVAN,
Chairman, Committee on Merchant Marine and Fisheries, House of Representatives, Washington, D.C.

DEAR MRS. SULLIVAN: This is in further reply to your request for the Commission's views on H.R. 6851, a bill "To increase the retired pay of certain members of the former Lighthouse Service."

H.R. 6851 would amend the Lighthouse Service Retirement Act (33 U.S.C. 763) which is applicable to civilian employees of the former Lighthouse Service. Specifically, the bill would authorize a \$20 per month increase in the retired pay of former Lighthouse Service civilian personnel who retired on or before October 1, 1972. From on and after October 2, 1972, annuities of Lighthouse Service personnel have been computed on the basis of "high-3" rather than "high-5" years average salary.

The proposed increase is similar to that granted civil service retirees by Public Law 93-273, enacted April 26, 1974. The Commission views conformity as a desirable feature whenever possible. Additionally, since retirement benefits for former Lighthouse Service civilian personnel are administered by the United States Coast Guard, Department of Transportation, enactment of H.R. 6851 would not affect any of the programs administered by the Civil Service Commission. Accordingly, the Commission has no objection to enactment of H.R. 6851.

The Office of Management and Budget advises that from the standpoint of the Administration's program there is no objection to the submission of this report.

By direction of the Commission:

Sincerely yours,

ROBERT HAMPTON,
Chairman.

GENERAL COUNSEL OF THE TREASURY,
Washington, D.C., June 27, 1975.

HON. LEONOR K. SULLIVAN,
*Chairman, Committee on Merchant Marine and Fisheries, House of
Representatives, Washington, D.C.*

DEAR MADAM CHAIRMAN: Reference is made to your requests for the views of this Department on H.R. 1535, "To increase the amount of benefits payable to widows of certain former employees of the Lighthouse Service," and H.R. 6861, "To increase the retired pay of certain members of the former Lighthouse Service."

H.R. 1535 would increase the amount of monthly benefits payable to widows of certain employees and former employees of the Lighthouse Service from \$100 per month to \$200 per month.

H.R. 6851 would increase the annual retired pay of certain members of the Lighthouse Service by \$240.

The Department has no comment on the bills.

The Department has been advised by the Office of Management and Budget that there is no objection from the standpoint of the Administration's program to the submission of this report to your Committee.

Sincerely yours,

RICHARD R. ALBRECHT,
General Counsel.

○

Ninety-fourth Congress of the United States of America

AT THE FIRST SESSION

*Begun and held at the City of Washington on Tuesday, the fourteenth day of January,
one thousand nine hundred and seventy-five*

An Act

To increase the retired pay of certain members of the former Lighthouse Service.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the annual rate of retired pay received by a person under section 6 of the Act of June 20, 1918, as amended and supplemented (33 U.S.C. 736-765), who was retired on or before October 1, 1972, shall, effective on the first day of the calendar month following enactment of this Act, be increased by \$270.

Speaker of the House of Representatives.

*Vice President of the United States and
President of the Senate.*

December 17, 1975

Dear Mr. Director:

The following bills were received at the White House on December 17th:

- ✓ H.R. 1535 ✓
- ✓ H.R. 5559 ✓
- ✓ H.R. 6851
- ✓ H.R. 6874
- ✓ H.R. 8151 ✓

Please let the President have reports and recommendations as to the approval of these bills as soon as possible.

Sincerely,

Robert D. Linder
Chief Executive Clerk

The Honorable James T. Lynn
Director
Office of Management and Budget
Washington, D. C.