



THE DIRECTOR

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

December 3, 2010

The Honorable Nancy Pelosi
Speaker of the House of Representatives
Washington, DC 20515

Dear Madam Speaker:

I am transmitting legislation to enact a freeze on civilian basic pay for federal employees during calendar years 2011 and 2012, as announced by the President on November 29, 2010. As the economic recovery continues, the time has come to put our Nation back on a sustainable fiscal course, an effort that requires tough choices and broad sacrifice.

As the President said, he did not make this decision lightly. Federal workers serve their fellow Americans, often with great sacrifice, motivated by a deep love for their country. This pay freeze is not a reflection of their work. It is a reflection of the fiscal reality that we face: just as families and businesses across the nation have tightened their belts, so must the federal government.

This two-year pay freeze will save \$2 billion for the remainder of fiscal year 2011, \$28 billion over the next five years, and more than \$60 billion over the next 10 years. The FY 2011 Budget request, while proposing to freeze salaries of certain non-career officials in the Executive Branch, sought funding for a modest pay raise for career Executive Branch employees. We no longer believe these raises for federal employees can be justified in the current fiscal situation. I urge Congress to enact this legislation as part of the fiscal year 2011 final appropriations.

The Administration looks forward to working with Congress on these proposals.

Sincerely,

A handwritten signature in black ink, appearing to read "Jacob J. Lew". The signature is fluid and cursive, with a long horizontal line extending to the right.

Jacob J. Lew
Director

Identical letter sent to The Honorable Harry Reid

EXECUTIVE BRANCH PAY FREEZE LEGISLATION

Sec. ____ (a) For purposes of this section—

(1) “employee” means an employee as defined in section 2105 of title 5, United States Code, including those individuals otherwise excluded by subsection (b), (c), or (f) of that section;

(2) “senior executive” means a member of the Senior Executive Service under subchapter VIII of chapter 53 of title 5, United States Code; a member of the FBI-DEA Senior Executive Service under subchapter III of chapter 31 of title 5, United States Code; a member of the Senior Foreign Service under subchapter IV of chapter 52 of title 22, United States Code; and any member of a similar senior executive service; and

(3) “senior-level employee” means an employee who is covered by section 5376 of title 5, United States Code, or other similar authority.

(b) Notwithstanding any other provision of law, no statutory adjustment shall be made during the period beginning on January 1, 2011, and ending on December 31, 2012, to any pay system or pay schedule covering employees of the Executive branch.

(c) The adjustments referenced in subsection (b) include the adjustments under sections 5303, 5304, 5304a, 5318, and 5343(a) of title 5, United States Code, and any similar statutory adjustments to pay schedules under any other pay system for Executive branch employees.

(d) Notwithstanding any other provision of law, during the period beginning on January 1, 2011, and ending on December 31, 2012, no senior executive or senior-level employee may receive an increase in his or her rate of basic pay absent a change of position that results in a substantial increase in responsibility, or a promotion.

(e) The President may issue interpretative guidelines and procedural requirements that Executive agencies shall apply in their implementation of this section.