

The Federal Employees Pay Act of 1945

Excerpts from a review by Ismar Baruch in *Public Personnel Review* (October)

Effective July 1, 1945, the Congress of the United States, through the provisions of the Federal Employees Pay Act of 1945, made comprehensive changes in existing pay policies affecting white-collar employees who are subject to the general position-classification and pay policies expressed in the Classification Act of 1923, as amended.

The new law, among other things, (a) raises the level of the basic-rate schedules of the Classification Act, (b) fixes 40 hours as the length of the basic workweek, (c) required overtime pay at true time and one-half rates for work in excess of 40 hours in any one workweek, (d) liberalizes the granting of merit pay-increases, (e) introduces some flexibility in the fixing of minimum or hiring rates, (f) provides a pay differential for those whose regular work is at night, and (g) establishes a postwar policy of premium pay for holiday work.

Basic Rate Schedules

The problem of revising basic rate schedules for white-collar or salaried officers and employees in the public service, who are engaged in a great variety of clerical, supervisory, administrative, technical, professional, and scientific occupations, is in broad outline essentially the same in all governments—national, state, and local. Traditionally, such schedules are established legislatively and are not quickly responsive to changes in economic conditions. Historically, too, they are conservative in level and do not permit effective recruiting in competition with private industry from the standpoint of the financial inducements that can be offered.

According to the national cost-of-living index of the Bureau of Labor Statistics, the cost of living had risen at least 26 per cent since January, 1941,

the base date for application of the Little Steel formula of the National War Labor Board. Other workers, both in the federal government and in industry, had enjoyed basic wage increases up to the 15 per cent limit established by that formula, to compensate, at least in part, for this considerable increase in living expenses. The Federal Employees Pay Act of 1945 was designed to establish a reasonable relationship between the statutory pay schedules of the Classification Act and the changes that had taken place in economic conditions and in the prevailing wage schedules of government employees in crafts, trades, and labor occupations.

The device for determining the new basic rates assured a continuous sliding percentage scale of increases, gradually diminishing from 20 per cent in the lowest brackets to 8.9 per cent at the highest point. Up to and including the existing rate of \$1,200 a year, the increase was 20 per cent; at 2,400, 15 per cent; at \$4,000, 13 per cent; at \$5,000, 12 per cent; at \$7,000, 10 per cent; and at \$9,000, 8.9 per cent. The over-all average increase above prior rates was about 15.9 per cent.

Forty-Hour Basic Workweek

A regular 40-hour basic workweek had been established by Congress in 1934 for prevailing rate crafts and trades, and in 1935 for many employees of the Postal Service. Not until the passage of emergency or war legislation in 1940-43, was a similar policy recognized for salaried employees under the Classification Act, and this policy was temporary in character. The laws had definite expiration dates.

The Federal Employees Pay Act of 1945 makes this policy permanent. It requires heads of agencies to establish a

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