



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

July 14, 1981

MEMORANDUM FOR: Daniel J. Donoghue, Director
Office of Administration

FROM: Edwin G. Triner, Director
Division of Budget and Resources Analyses, CON

SUBJECT: PAY RAISE INCREASES AND INFLATIONARY FACTOR

The following data are provided in response to your memo of July 10, 1981 to the Controller, subject above:

A. Percentage of pay raise increases adopted by the NRC

<u>Date</u>	<u>Executive Order Number</u>	<u>Percentage</u>
1979 ¹⁰ October 9, 1979	12165	7.05%
1981 ¹⁰ October 16, 1980	12248	9.10%

Please note that percentage rates are not consistently applied throughout the General Schedule Salary Tables. Data on Executive orders of September 1977 and October 1978 will be forthcoming.

B. Inflation factors supplied to program offices for use in budget development:

<u>FY 78</u>	<u>FY 79</u>	<u>FY 80</u>	<u>FY 81</u>
None	6.5%	6%	6%

For your information, OMB assumed a range of Consumer Price Indices when the FY 1978 budget was put together. See attachment.

E. G. Triner
Edwin G. Triner, Director
Division of Budget and
Resources Analyses
Office of the Controller

Attachment

cc: L. Barry, CON
W. Miller, LFMB ✓

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*Current Services Estimates for 1978
 as prepared by Congressional Budget Office
 of 1978 PL 93-344 - dtd Mar 1978*

Part II 0113

CURRENT SERVICES TOTALS

Economic Assumptions

Current services estimates are provided under four sets of economic assumptions, based on two inflation paths and two unemployment paths (see table 1). Estimates for major functions are shown for all four economic paths where changes in the economic assumptions have a significant impact. For illustrative purposes, details within major functions are shown only for Path I. This is done only as a matter of convenience, and it is not intended to imply that Path I is the most likely path.

Table 1. ALTERNATIVE ECONOMIC ASSUMPTIONS FOR CURRENT SERVICES ESTIMATES

(Calendar years: dollar amounts in billions)

	1975 act.	Assumptions		
		1976	1977	1978
Path I—Higher inflation, higher unemployment:				
Nominal GNP	1,516	1,695	1,890	2,105
GNP deflator ¹	7.1	4.7	6.5	6.5
Consumer Price Index ²	7.0	5.1	6.5	6.5
Real GNP growth rate ³	-1.8	6.3	5.2	4.5
Unemployment rate	8.5	7.7	6.9	6.5
Path II—Higher inflation, lower unemployment:				
Nominal GNP	1,516	1,695	1,905	2,150
GNP deflator ¹	7.1	4.7	6.5	6.5
Consumer Price Index ²	7.0	5.1	6.5	6.5
Real GNP growth rate ³	-1.8	6.3	6.0	6.0
Unemployment rate	8.5	7.6	6.4	5.5
Path III—Lower inflation, higher unemployment:				
Nominal GNP	1,516	1,695	1,874	2,057
GNP deflator ¹	7.1	4.7	5.0	5.0
Consumer Price Index ²	7.0	5.1	5.0	5.0
Real GNP growth rate ³	-1.8	6.3	5.2	4.5
Unemployment rate	8.5	7.7	6.9	6.5
Path IV—Lower inflation, lower unemployment:				
Nominal GNP	1,516	1,695	1,889	2,102
GNP deflator ¹	7.1	4.7	5.0	5.0
Consumer Price Index ²	7.0	5.1	5.0	5.0
Real GNP growth rate ³	-1.8	6.3	6.0	6.0
Unemployment rate	8.5	7.6	6.4	5.5

¹Percent change, fourth quarter over fourth quarter.
²Percent change, December over December.
³Percent change, year over year.

Summary

Based on the alternative economic assumptions in table 1, current services outlays for 1978 range from \$447 billion to \$453 billion. Current services receipts and, therefore, deficits are particularly sensitive to the economic assumptions used. Receipts for 1978 would vary by almost \$20 billion, ranging from \$396 billion to \$415 billion. The resulting deficits for 1978 under Path I through IV assumptions would be \$49 billion, \$33 billion, \$56 billion, and \$42 billion, respectively.

Detailed receipt and outlay estimates were made using Path I economic assumptions.

Table 2. ALTERNATIVE TOTAL RECEIPTS, OUTLAYS, AND DEFICITS
 (In billions of dollars)

	Receipts	Outlays	Deficit
1976 actual			
Transition quarter actual ¹	300.0	365.6	-65.6
1977 current services base estimate:	81.8	94.5	-12.7
Path I	355.3	412.9	-57.6
Path II	357.8	412.0	-54.2
Path III	353.6	412.9	-59.3
Path IV	355.5	412.0	-56.5
1978 current services estimate:			
Path I	404.5	453.2	-48.8
Path II	415.5	448.0	-32.6
Path III	396.0	452.2	-56.2
Path IV	404.7	447.1	-42.4

¹This document does not include detailed data for the transition quarter because they do not have any analytic usefulness in developing or evaluating 1978 current services estimates.

As shown on Table 3, alternative economic assumptions can have a major influence on budget outlays and receipts. The use of the lower unemployment and inflation rates shown in the section on economic assumptions would reduce outlays by as much as \$6.1 billion from those under Path I and increase receipts by up to \$11.0 billion.