The original documents are located in Box C49, folder "Presidential Handwriting, 9/20/1976" of the Presidential Handwriting File at the Gerald R. Ford Presidential Library.

THE PRESIDENT HAS SEEN....

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

SEP 20 1976

MEMORANDUM FOR: THE PRESIDENT

FROM: James T. Lynn

SUBJECT: Explanation of Pay Adjustments Figures 5.17% and 4.83%

You will recall that during your meeting with the Advisory Committee on Federal Pay, I promised you a simple explanation of the figures 5.17% and 4.83% contained in your pay agent's report on the comparability pay adjustment.

The number 5.17% is the average increase in payroll costs. It results from obtaining the difference between the proposed payroll ($2,197 million), based on the proposed percentage increases at each grade, and the current payroll ($2,089 million) and dividing it by the current payroll (i.e., for the General Schedule $\frac{108}{2,089}$ X 100 = 5.17%).

The number 4.83% is the average increase of the proposed percentage increases in rates for each grade of the General Schedule. It results from (1) multiplying grade level employment times the percentage increase in rates for that grade, (2) adding together these products and (3) dividing that sum by the total General Schedule employment (i.e., $\frac{6,582,496.6}{1,362,285}$ X 100 = 4.83%).

The payroll increase figure is higher because larger increases are provided at the higher grades and this causes proportionately higher total payroll costs.