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THE PRESIDENT HAS SEEN...

THE WHITE HOUSE
WASHINGTON

JAN 23 1975

INFORMATION

MEMORANDUM FOR: THE PRESIDENT
FROM: ~~ROY L. ASH~~
SUBJECT: Limit on Indexed Programs

The 5% cap on Federal pay increases and programs tied to the cost of living will save more than \$6 billion in fiscal 1976.

In discussing these savings, you should be aware of the following:

During the 18-month period, January 1, 1975 through June 30, 1976, benefits under the affected programs will receive a 5% increase. However, if an increase of more than 5% has already been made after January 1, 1975, no further increase will be given.

Because of timing differences, the above rule means that some increases like those for the social security program will be limited for 12 months. For others, the limit applies for 18 months.

cc: Mr. Nessen