

The original documents are located in Box C39, folder “Presidential Handwriting, 5/5/1976” of the Presidential Handwriting File at the Gerald R. Ford Presidential Library.

Copyright Notice

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted material. Gerald Ford donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections. Works prepared by U.S. Government employees as part of their official duties are in the public domain. The copyrights to materials written by other individuals or organizations are presumed to remain with them. If you think any of the information displayed in the PDF is subject to a valid copyright claim, please contact the Gerald R. Ford Presidential Library.

THE WHITE HOUSE

WASHINGTON

May 5, 1976

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: JIM LYNN

FROM: JIM CONNOR *JEC*

SUBJECT: Pending Veterans Administration
Compensation Legislation

The President reviewed your memorandum of April 28 on the above subject and approved the following Option:

Option 3- Support an increase commensurate with the actual change in the cost of living as of September 30, 1976.

Please follow-up with appropriate action.

cc: Dick Cheney

THE WHITE HOUSE
WASHINGTON

May 4, 1976

MR PRESIDENT:

Pending Veterans Administration (VA)
Compensation Legislation

Staffing of the attached memorandum resulted in the following recommendations:

Option 1 - Oppose the bill.

Recommended by Bill Seidman

Option 3 - Support an increase commensurate with the actual change in the cost of living as of September 30, 1976.

Recommended by Phil Buchen, Bill Baroody, Max Friedersdorf, Jack Marsh, Alan Greenspan, and Tim Austin.

Jim Connor



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

APR 28 1976

THE PRESIDENT HAS SEEN....

ACTION

MEMORANDUM FOR: THE PRESIDENT
FROM: James T. Lynn
SUBJECT: Pending Veterans Administration (VA)
Compensation Legislation

PURPOSE

This memorandum seeks your guidance on pending legislation to increase veterans and survivors compensation rates.

BACKGROUND

The House Committee on Veterans Affairs has asked for a report on H.R. 11829 which would raise veterans compensation and widows dependency and indemnity compensation rates by an average of 8%, effective October 1, 1976. The estimated first year cost of this bill is \$393 M. The last rate increase for these programs was effective August 1, 1975, and averaged 10%.

The 1977 budget does not include increases for these programs which are not indexed by law. Both the House and Senate Budget Committees have recommended 1977 cost of living increases for them. The Senate Committee included funding for the increases in its current policy base. The House Committee did not include the necessary funding in its recommended budget, noting that "The Budget Committee feels the President's exclusion of funds for this purpose is a deceptive budget practice and urges the President to submit a budget amendment to fund these cost of living increases."

OPTION 1: Oppose the bill.

Arguments for

- . Is consistent with the 1977 budget and long-range projections.
- . Reflects current fiscal restraint policy and commitment to a balanced budget by 1979.

Arguments against

- . Opposition to an increase is unlikely to deter the Congress as both the House and Senate Budget Committees are on record favoring a cost of living adjustment, and increases over the last four years have not been excessive, exceeding the increase in the CPI by only 1.4%.
- . Is likely to be viewed as inequitable by the Congress and veterans organizations because many other Federal income maintenance program beneficiaries and Federal civilian employees and military personnel will receive increases in 1977.

OPTION 2: Support the bill.Arguments for

- . Recognizes that an increase in the rates is highly likely.
- . Deters charges by the Congress and veterans organizations that the Administration is insensitive to the needs of disabled veterans and their survivors.

Arguments against

- . Is inconsistent with current fiscal restraint policy and sets a bad precedent by agreeing to increases in excess of the current projected CPI increase of 6.7%.
- . May be viewed as acknowledgment that congressional criticism of the 1977 Budget is appropriate.
- . Would increase 1977 and outyear outlays by \$388-393 M.

OPTION 3: Support an increase commensurate with the actual change in the cost of living as of September 30, 1976.Arguments for

- . Recognizes congressional intent to provide increases in these programs.

- . Is consistent with the CPI-related increases planned for other Federal income maintenance programs.
- . May be acceptable to Congress because it is consistent with the budget committee recommendations, saving \$59-64 M in 1977 and outyears over the proposed 8% increase.

Arguments against

- . May be viewed as acknowledgment that congressional criticism of the 1977 Budget is appropriate.
- . Would increase 1977 and outyear outlays by \$325-329 M.

DECISION

Option 1

Option 2

Option 3 *AC 1*