

(b) PROGRESS OF OASI AND DI TRUST FUNDS, COMBINED UNDER PRIOR LAW AND UNDER PUBLIC LAW 93-66

[In billions]

Calendar year	Income ¹		Outgo ¹	
	Prior law	Modi- fied sys- tem	Prior law	Modi- fied sys- tem
1973	\$55.3	\$55.3	\$53.5	\$53.5
1974	61.3	61.9	57.0	58.9
1975	66.8	67.5	63.5	64.2
1976	70.7	71.6	66.9	67.3
1977	76.3	77.2	73.7	74.1

Year	Net increase in funds		Assets, end of year	
	7.1 percent increase	8.5 percent increase	7.1 percent increase	8.5 percent increase
1973	\$1.8	\$1.8	\$44.6	\$44.6
1974	4.2	3.1	47.7	47.7
1975	3.3	3.3	51.0	51.3
1976	3.8	4.3	55.4	54.2
1977	2.6	3.1	58.5	55.7

¹ 2 alternative assumptions relating to the automatic benefit increase effective January 1975, calendar years 1973-77. See description in appendix.

[COMMITTEE PRINT]

July 27, 1973

Note: The July 17, 1973 Committee Print entitled "Summary of the Provisions of the Acts Extending the Temporary Debt Ceiling and the Renegotiation Act, Including the Social Security Provisions" included information on the social security benefit increase provision of Public Law 93-66. The amount of the increase will be the same as the increase in the cost of living in the 12-month period between June, 1972 and June, 1973. When the July 17 Committee Print was published, the 12-month cost of living increase was estimated at 5.6 percent. Actual information now available shows that the cost of living rose 5.9 percent between June, 1972 and June, 1973.

The tables below represent revised and corrected versions of the tables which appear on pages 6 through 12 of the July 17 Committee Print.

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM AS MODIFIED BY PUBLIC LAW 93-66

(a) EFFECT OF BENEFIT INCREASE ON AVERAGE MONTHLY BENEFITS IN CURRENT-PAYMENT STATUS FOR SELECTED BENEFICIARY GROUPS

	Present	June 1974
1. Retired worker (with or without dependents also receiving benefits).....	\$167	\$177
2. Retired worker and aged wife, both receiving benefits.....	278	295
3. Disabled worker (with or without dependents also receiving benefits)....	185	196
4. Disabled worker, wife and 1 or more children.....	363	385
5. Aged widow.....	159	169
6. Widowed mother and 2 children.....	390	413

Note.—The special benefit increase effective for June 1974 will be 5.9 percent

(1)

(c) PROGRESS OF OASI TRUST FUND, UNDER PRIOR LAW AND UNDER PUBLIC LAW 93-66.

[In billions]

Calendar year	Income ¹				Outgo ¹			
	7.1 percent Increase		8.5 percent Increase		7.1 percent Increase		8.5 percent Increase	
	Prior law	Modi- fied sys- tem	Prior law	Modi- fied sys- tem	Prior law	Modi- fied sys- tem	Prior law	Modi- fied sys- tem
1973	\$48.8	\$48.8	\$48.8	\$48.8	\$47.4	\$47.4	\$47.4	\$47.4
1974	54.1	54.7	54.1	54.7	50.3	52.0	50.3	52.0
1975	59.1	59.7	59.0	59.7	56.0	56.6	56.7	57.3
1976	62.6	63.4	62.5	63.3	59.0	59.3	59.8	60.1
1977	67.5	68.3	67.4	68.2	64.9	65.2	65.8	66.1
Net increase in funds								
	7.1 percent Increase		8.5 percent Increase		7.1 percent Increase		8.5 percent Increase	
	Prior law	Modi- fied sys- tem	Prior law	Modi- fied sys- tem	Prior law	Modi- fied sys- tem	Prior law	Modi- fied sys- tem
1973	\$1.4	\$1.4	\$1.4	\$1.4	\$36.8	\$36.8	\$36.8	\$36.8
1974	3.8	2.7	3.8	2.7	40.6	39.5	40.6	39.5
1975	3.0	3.1	2.3	2.3	43.6	42.6	42.9	41.9
1976	3.6	4.1	2.8	2.8	47.2	46.6	45.6	45.1
1977	2.6	3.1	1.7	1.7	49.8	49.7	47.3	47.1

¹ 2 alternative assumptions relating to the automatic benefit increase effective January 1975, calendar years 1973-77. See description in appendix.

(d) PROGRESS OF DI TRUST FUND, UNDER PRIOR LAW AND UNDER PUBLIC LAW 93-66

[In billions]

Calendar year	Income ¹				Outgo ¹			
	7.1 percent Increase		8.5 percent Increase		7.1 percent Increase		8.5 percent Increase	
	Prior law	Modi- fied sys- tem	Prior law	Modi- fied sys- tem	Prior law	Modi- fied sys- tem	Prior law	Modi- fied sys- tem
1973	\$6.5	\$6.5	\$6.5	\$6.5	\$6.1	\$6.1	\$6.1	\$6.1
1974	7.1	7.2	7.1	7.2	6.7	6.9	6.7	6.9
1975	7.8	7.8	7.8	7.8	7.5	7.5	7.6	7.6
1976	8.2	8.3	8.2	8.3	8.0	8.0	8.1	8.1
1977	8.8	8.9	8.8	8.9	8.8	8.8	8.9	8.9
Net increase in funds								
	7.1 percent Increase		8.5 percent Increase		7.1 percent Increase		8.5 percent Increase	
	Prior law	Modi- fied sys- tem	Prior law	Modi- fied sys- tem	Prior law	Modi- fied sys- tem	Prior law	Modi- fied sys- tem
1973	\$0.4	\$0.4	\$0.4	\$0.4	\$7.8	\$7.8	\$7.8	\$7.8
1974	.4	.3	.4	.3	8.3	8.2	8.3	8.2
1975	.3	.3	.2	.2	8.5	8.5	8.5	8.4
1976	.2	.3	.1	.2	8.7	8.8	8.5	8.6
1977	(²)	.1	-.2	-.1	8.7	8.8	8.4	8.5

¹ 2 alternative assumptions relating to the automatic benefit increase effective January 1975, calendar years 1973-77. See description in appendix.
² Less than \$50,000,000.

(e) RATIO OF ASSETS TO EXPENDITURES

The ratio of assets at the beginning of the year to expenditures during the year for the OASI and DI trust funds, combined, is shown in the following table for the 7.1 percent and the 8.5 percent benefit increase assumptions:

Calendar year	7.1 percent increase		8.5 percent increase	
	Prior law	Modified system	Prior law	Modified system
1973	0.80	0.80	0.80	0.80
1974	.78	.76	.78	.76
1975	.77	.74	.76	.73
1976	.78	.76	.76	.74
1977	.76	.75	.73	.71

Appendix

The tables in the text present estimates of the operations of the old age survivors insurance and disability insurance trust funds during calendar years 1973-77 under the system as modified by Public Law 93-66. The estimates are based on the assumption that the special benefit increase will be 5.9 percent and will be effective for, and limited to, the 7-month period June-December 1974 and that the automatic provisions in present law will not be affected—that is, that the automatic provisions will be operative effective January 1975 as though the special benefit increase had not been enacted.

Public Law 93-66 contains the following additional provisions that have significant cost effects:

(1) The contribution and benefit base for 1974 is increased from \$12,000 to \$12,600.

(2) The annual exempt amount for 1974 under the retirement test is increased from \$2,100 to \$2,400.

(3) The dates when the provisions governing the automatic increases in the earnings base and in the retirement test annual exempt amount first become operative remain unchanged. However, the increased earnings base and exempt amount will be figured using the higher amounts in Public Law 93-66 and not the amounts in prior law.

The estimates are shown on two alternative bases:

(1) A 7.1-percent automatic benefit increase effective January 1975. This rate of benefit increase is derived from the assumptions underlying official Government projections made in the spring of 1973 as to the growth in the gross national product and as to the rate of increase in the Consumer Price Index (CPI).

(2) An 8.5-percent automatic benefit increase effective January 1975. This rate of benefit increase takes into account the actual rate of increase in the CPI during April-June 1973 (which is higher than was assumed in the spring of 1973) as well as a somewhat greater rate of increase in the CPI during fiscal year 1974 than had been previously assumed.

The estimates presented in the tables, under prior law and under the system as modified by Public Law 93-66, reflect the effects of the following changes assumed to occur, under the automatic increase provisions, on January 1 of 1975 and 1977 (amounts for 1974 are also shown as a basis for comparison):

Year	General Benefit increase ¹ (percent)	Contribution and benefit base	Annual exempt amount under the retirement test
Prior law:			
1974	7.1 and 8.5	\$12,000	\$2,100
1975	7.1 and 8.5	12,900	2,280
1977	5.7	14,400	2,520
Modified system:			
1974	5.6	12,600	2,400
1975	7.1 and 8.5	13,500	2,520
1977	5.7	15,000	2,760

¹ Under the system as modified by Public Law 93-66, the special benefit increase of 5.9 percent is effective for June 1974. The 1975 automatic benefit increase will be figured on the rates in effect under prior law and not on top of the special 1974 benefit increase provided in P.L. 93-66.

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