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Summary of H.R. 9346, the Social Security Amendments of 1977 as Passed by the Congress (P.L. 95-216)

Prepared by the Staff of the

COMMITTEE ON FINANCE
UNITED STATES SENATE

RUSSELL B. LONG, *Chairman*

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Tax rates.—The bill includes a new social security tax rate schedule which increases the rates in 1979, 1981, 1982, and 1990 to provide additional financing. Tax rates for the self-employed are increased so as to restore the original level of 1½ times the employee rate for the old-age, survivors, and disability portion of the tax, effective in 1981. In addition, H.R. 9346 provides for a reallocation of income to the disability trust fund which would have been exhausted in about a year under present law. The tax rate schedule is as follows:

[1] This bill was signed into law on December 20, 1977, as Public Law 95-216.

TAX RATES FOR THE SOCIAL SECURITY TRUST FUNDS

[In percent]

Calendar year	Present law					H.R. 9346				
	OASI[1]	DI[2]	OASDI	HI[3]	Total	OASI[1]	DI[2]	OASDI	HI[3]	Total
EMPLOYERS AND EMPLOYEES, EACH										
1977	4.375	0.575	4.95	0.90	5.85	4.375	0.575	4.95	0.90	5.85
1978	4.350	.600	4.95	1.10	6.05	4.275	.775	5.05	1.00	6.05
1979–80	4.350	.600	4.95	1.10	6.05	4.330	.750	5.08	1.05	6.13
1981	4.300	.650	4.95	1.35	6.30	4.525	.825	5.35	1.30	6.65
1982–84	4.300	.650	4.95	1.35	6.30	4.575	.825	5.40	1.30	6.70
1985	4.300	.650	4.95	1.35	6.30	4.750	.950	5.70	1.35	7.05
1986–89	4.250	.700	4.95	1.50	6.45	4.750	.950	5.70	1.45	7.15
1990–2010	4.250	.700	4.95	1.50	6.45	5.100	1.100	6.20	1.45	7.65
2011 and later	5.100	.850	5.95	1.50	7.45	5.100	1.100	6.20	1.45	7.65
SELF-EMPLOYED PERSONS										
1977	6.185	0.815	7.0	0.90	7.9	6.1850	0.8150	7.0	0.90	7.9
1978	6.150	.850	7.0	1.10	8.1	6.0100	1.0900	7.1	1.00	8.1
1979–80	6.150	.850	7.0	1.10	8.1	6.0100	1.0400	7.05	1.05	8.1
1981	6.080	.920	7.0	1.35	8.35	6.7625	1.2375	8.00	1.30	9.3
1982–84	6.080	.920	7.0	1.35	8.35	6.8125	1.2375	8.05	1.30	9.35
1985	6.080	.920	7.0	1.35	8.35	7.1250	1.4250	8.55	1.35	9.90
1986–89	6.010	.990	7.0	1.5	8.5	7.1250	1.4250	8.55	1.45	10.00
1990–2010	6.010	.990	7.0	1.5	8.5	7.6500	1.6500	9.30	1.45	10.75
2011 and later	6.000	1.000	7.0	1.5	8.5	7.6500	1.6500	9.30	1.45	10.75

[1] Old-age and survivors insurance.
[2] Disability insurance.
[3] Hospital insurance (part A of medicare).

Tax base.—The bill also would increase the taxable wage base above present law levels in 1979, 1980, and 1981. After 1981, the base would be increased annually in line with wage levels, as under present law. Under the bill, as under present law, the tax base would be the same for employers, employees, and self-employed. The tax base schedule for employers, employees and the self-employed under present law and under the bill is shown below:

CONTRIBUTION AND BENEFIT BASE

Calendar year	Under present law	Under H.R. 9346
1977	$16,500	$16,500
1978	17,700	17,700
1979	[1] 18,900	22,900
1980	[1] 20,400	25,900
1981	[1] 21,900	29,700
1982	[1] 23,400	[1] 31,800
1983	[1] 24,900	[1] 33,900
1984	[1] 26,400	[1] 36,000
1985	[1] 27,900	[1] 38,100
1986	[1] 29,400	[1] 40,200
1987	[1] 31,200	[1] 42,000

[1] Estimated amount under automatic provisions

Railroad retirement system and Pension Benefit Guaranty Corporation.—The bill contains a provision to guarantee that the new social security financing provisions which increase the taxable earnings base would not increase the employer tax liability to finance tier II benefits (nor would it increase the amount of those benefits) under the railroad retirement system. Tier II benefits are those paid to supplement the tier I payments which correspond to basic social security benefits. Similarly, the bill provides that the increases in the earnings base specified in the bill would not increase the maximum amount of pension insured by the Pension Benefit Guaranty Corporation established under the Employee Retirement Income Security Act of 1974.

Decoupling and new wage-indexed formula.—The bill provides that the automatic cost-of-living increase provisions will in the future apply only to those already on the benefit rolls at the time of each increase. (Under present law, the increases raise the benefit formula for future retirees as well as for those on the rolls.) For future retirees, the bill adopts a new benefit formula under which benefit amounts would be related to the earnings an individual had under social security with an adjustment to reflect changing wage levels during his working years. The new system would index a worker's earnings to reflect annual increases in average earnings levels up to the second year before eligibility (age 62, death, or disability).

The new benefit computation will provide a benefit level for 1979 averaging about 5 percent lower than the average anticipated under present law. In the future benefits will be kept at approximately the 1976 relationship to preretirement earnings. In order to provide an orderly transition from the present computation procedures to the new computation, the bill guarantees that, for the first 5 years, 1979–1983, retirement benefits paid will not be less than would be paid under the benefit table in effect for December 1978.

The transition provision will not be applicable to disability and survivor cases. As under present law, benefits would continue to be increased according to the increases in the cost-of-living after a person reaches age 62 or becomes disabled, or in the case of survivor's benefits, after the time of the worker's death.

Minimum benefit.—The minimum benefit for future beneficiaries would be frozen at the 1979 dollar amount (about $121 for an individual). In the future minimum benefit would be adjusted for annual cost-of-living increases only after the individual starts receiving benefits.

Special minimum.—The bill increases the special minimum benefit which is paid to some long-term, low-paid workers. Under present law this benefit is equal to $9 times the number of years coverage a worker has in excess of 10 and up to 30, but it is not subject to annual cost-of-living increases. The bill would increase the $9 figure to $11.50, which would make the highest amount payable under the provision $230 a month. Also, H.R. 9346 would make the special minimum benefit subject to annual cost-of-living increases in the future.

Delayed retirement credit.—Present law provides that retirement benefits are increased 1 percent a year for each year that a worker continues to work beyond age 65 without taking his benefits. The bill would increase this to 3 percent; it would apply beginning in 1982. Effective June 1978, the bill would also make the delayed retirement credit applicable to widows and widowers benefits.

Retirement test changes.—The bill would raise to $4,000 in 1978, $4,500 in 1979, $5,000 in 1980, $5,500 in 1981, and $6,000 in 1982 the annual amount of earnings a beneficiary, age 65 to 72, may have without having any benefits withheld. After 1982, the limitation would be adjusted automatically on the basis of earnings levels as under present law. The retirement test of present law, which is to rise from $3,000 this year to $3,240 in 1978 with continuing automatic increases thereafter, would continue to apply to beneficiaries under age 65.

The age at which individuals may receive full benefits without regard to their earnings would be reduced from 72 to 70 beginning in 1982.

The bill would eliminate the monthly exception to the retirement test—the provision in present law under which full social security benefits are paid for any month in which a person does not engage in substantial self-employment and earns one-twelfth of the annual retirement test amount, or less, regardless of total earnings for the year. However, the monthly exception would be retained for the first year in which a worker begins to receive retirement benefits.

Coverage study.—The bill provides for a comprehensive study of the question of expanding coverage under social security by bringing under the system all Federal employees, and the remainder of State and local government employees and employees of nonprofit organizations not now covered. The study is to include methods of coordinating social security coverage with those retirement systems which now apply to the public employees involved. The study would be under the direction of the Secretary of Health, Education, and Welfare who is to consult with the Secretary of the Treasury, the Director of the Office of Management and Budget, and the Chairman of the Civil Service Commission. The HEW Secretary is directed to complete the study and submit a report with recommendations to the President and to Congress within 2 years after enactment of the bill.

Employees of nonprofit organizations.—The bill contains provisions designed to correct some unintended effects of Public Law 94–563 enacted in 1976 to deal with problems of nonprofit organizations that had been paying social security taxes incorrectly because they had not filed the necessary waivers with the Internal Revenue Service to make the payments legal.

One provision in the bill would forgive back taxes due, up to June 30, 1977, on behalf of nonprofit organizations which ceased paying social security taxes after they had found they were not required to do so, but did not receive a refund of these taxes.

Another provision would extend to March 31, 1978, the period during which nonprofit organizations that had received a refund of social security taxes could file a waiver certificate and list only those employees who had wanted to be covered under social security. Under this waiver, they would owe back taxes only on the listed employees. The right to file such a waiver under Public Law 94–563 expired April 18, 1977.

Investment income under limited partnership.—In recent years, a growing number of businesses have offered limited partnerships as a means of acquiring social security coverage solely through the income on investments in such partnerships. The bill excludes from social security coverage the distributive share of income or loss which a limited partner receives from a trade or business.

Taxation of related corporations.—The bill provides that a group of related corporations concurrently employing a worker would be considered as a single employer if one of the group serves as a common paymaster for the entire group. This would mean that the group of corporations would have to pay no more in social security and unemployment taxes for a single worker than a single employer pays.

Coverage of tips.—Under social security, tip income (if over $20 a month) is taxed to the employee alone. Under the bill, the employer will also be taxed on tip income up to the amount that, combined with the employee's salary, equals the minimum wage under the Fair Labor Standards Act.

Clergymen.—The bill would permit clergymen who previously refused social security coverage a new opportunity to come under the system as self-employed persons.

International Social Security Agreements (totalization).—Included in the bill is a provision which would authorize the President to enter into bilateral agreements with interested countries providing for limited coordination of the U.S. social security system with systems of other countries. The agreements, known as totalization agreements, would eliminate dual social security coverage for the same work in each country covered by an agreement, and would enable individuals who work for periods in each of the countries covered by an agreement to qualify for coordinated benefits in situations where they now are not eligible for benefits in one or both of the countries involved. The United States already has negotiated agreements with Italy and West Germany which could be put into effect under this provision. Each agreement will have to be submitted to Congress for 90 days while it is in session before it can take effect; during that period either the House or Senate can veto the agreement by majority vote.

Illinois policemen and firemen.—The bill would allow approximately 400 Illinois policemen and firemen to get credits for past payments into the social security system (and future coverage) even though the applicable law did not permit such payments when they were made.

Mississippi policemen and firemen.—The bill would authorize social security coverage for Mississippi policemen and firemen who previously were excluded from the system.

New Jersey public employees.—The bill would add New Jersey to the list of States which are permitted to hold referendums among public employees for divided coverage under social security. Those voting for coverage would be brought under social security; those voting against would remain out of the system.

Wisconsin public employees.—The bill would authorize a consolidated public employee group in Wisconsin to continue under social security on the same terms which applied to three groups before they were merged into the consolidated organization.

Cost-of-living increases for early retirees.—Under present law, a retiree who begins receiving benefits between ages 62 and ~~65~~ has his monthly payment permanently reduced on an actuarial basis to take account of the longer period that he will receive benefits. However, when a subsequent cost-of-living increase is effective, the benefit increase is not based on his reduced benefit amount. For example, at age 65 and later, each increase is based on his full (unreduced) benefit. The bill would apply to cost-of-living increases the same actuarial reduction that was applied to their original monthly benefit.

Limitation on retroactive benefits.—Under present law a person who files an application after he is first eligible can get benefits for a retroactive period up to 12 months before the month in which the application is filed. However, this can result in some cases in a permanent reduction in his monthly benefit. The bill would eliminate retroactive payments where the result would be a permanently reduced benefit.

Benefit payment dates.—The bill provides that social security and supplemental security income benefit checks would be mailed in time to be delivered early when the regular payment date falls on a Saturday, Sunday, or legal holiday.

Reduction in spouses' benefits for public pensions.—The bill contains a provision under which social security dependency benefits payable to spouses or surviving spouses would be reduced by the amount of any public (Federal, State, or local) pension available to the spouse. The reduction would apply only to pension payments based on the spouse's own work in public employment which is not covered under social security. The provision would apply to applications for such dependency benefits in and after the month of enactment of the bill. To assure that persons who have been counting on these benefits for many years and who are now at or near retirement age will not be adversely affected, H.R. 9346 includes a transitional exception under which certain individuals will not have their social security benefits as spouses reduced by the amount of their public pension. The exemption applies to those who are already retired under a public pension program (or who will be eligible for such retirement within the next 5 years) and who also would qualify for spouses benefits under social security under the law as in effect and as administered in January 1977. In the event that the courts find it impermissible to afford this protection to those who anticipated receiving their spouses' benefits prior to March 1977 without providing it also to those would qualify only as a result of a March 1977 court decision, the bill provides that the entire exception would become inoperative so that the reduction in benefits would be applied in all cases.

Disability benefits for the blind.—Blind persons would be eligible for social security disability benefits up to a higher level of earnings than now permitted. Under present regulations, substantial gainful activity (SGA) is measured at $200 a month ($2,400 a year) and earnings over this amount would lead to termination of benefits. Under the bill, the SGA amount for the blind would be the same as the retirement test for persons age 65 and over—that is, $4,000 in 1978, $4,500 in 1979, $5,000 in 1980, $5,500 in 1981, $6,000 in 1982, and adjusted automatically by increases in earnings levels thereafter. The SGA level for other disabled persons is not changed.

Remarried widows.—Under existing law, a widow may receive a social security benefit on her deceased husband's account equal to 100 percent of the benefit he would have received if he were still alive. If the widow remarries and she is age 60 or over when she remarries, she can retain the widow's benefit but at a 50 percent rate instead of 100 percent. The bill would eliminate that reduction to a 50 percent rate when a widow over age 60 remarries.

Divorced wife's benefits.—Under present law a woman can qualify for a wife's benefit on the account of her former husband (or a surviving divorced wife's benefit on the account of a deceased former husband) but only if the marriage lasted at least 20 years. The bill lowers the required duration of marriage to 10 years.

Treatment of men and women.—The bill directs the Secretary of Health, Education, and Welfare, in consultation with the Justice Department Task Force on Sex Discrimination, to carry out a detailed study of proposals: (1) to eliminate dependency as a requirement for entitlement to social security spouse's benefits, and (2) to bring about the equal treatment of men and women in any and all respects. In conducting this study the Secretary is to take into account the effects of the changing role of women in today's society including such things as: (1) changes in the nature and extent of women's participation in the labor force. (2) the increasing divorce rate, and (3) the economic value of women's work in the home. A full and complete report is to be submitted by the Secretary to the Congress within 6 months after enactment of the bill.

Annual wage reporting.—Public Law 94-202 enacted in 1976 modified the law to permit employers to report their employees' wages for social security and income tax purposes annually on forms W-2 (beginning with wages paid in 1978) in place of filing quarterly reports as previously required. However, employers were still required to report quarterly wage data on the annual forms W-2 to enable the Social Security Administration to determine whether a worker has enough "quarters of coverage" to be eligible for social security benefits. The bill changes the way in which quarters of coverage are measured so that annual data will be used instead of quarterly data. Thus, employers no longer will have to report quarterly data on forms W-2. Under present law a worker generally receives credit for a quarter of coverage for a calendar quarter in which he receives at least $50 in wages. Under the bill, a worker is to receive one quarter of coverage (up to a total of four) for each $250 of earnings in a year, and the $250 amount will be automatically increased every year to take account of increases in average wages.

National Commission on Social Security.—The bill provides for establishment of a bipartisan National Commission on Social Security, composed of nine members—five appointed by the President and two each by the Speaker of the House and the President of the Senate—to make a broad study of the social security program, including medicare. The study would include the fiscal status of the trust funds, coverage, adequacy of benefits, possible inequities, alternatives to the current programs and to the method of financing the system, integration of the social security system with private retirement programs, and development of a special price index for the elderly. The Commission is to present its full report to the President and to the Congress within 2 years after a majority of the members have been appointed.

Administrative law judges.—Public Law 94-202 established temporary administrative law judge positions to hear social security, medicare, and supplemental security income cases. The bill converts these appointments to permanent status.

Advisory Council on Social Security.—The bill changes the reporting date for the Advisory Council to be appointed in 1977 from January 1, 1979, to October 1, 1979.

Fiscal relief for welfare costs.—The bill provides for a one-time payment to the States of $187 million as fiscal relief for State and local welfare costs for fiscal year 1978. Half of such funds will be distributed to each State in proportion to its share of total expenditures under the AFDC program for December 1976, and half will be distributed under the general revenue sharing formula. In those States in which local units of government are responsible for meeting part of the costs of the AFDC program the fiscal relief payments would have to be passed through to local governments. States would not be required to pass through an amount in excess of 100 percent of the amount of AFDC costs for which the local government was otherwise responsible.

DISTRIBUTION OF FISCAL RELIEF FOR WELFARE COSTS UNDER H.R. 9346

State	Amount (thousands)
Total	$187,000
Alabama	2,180
Alaska	370
Arizona	1,307
Arkansas	1,361
California	25,245
Colorado	1,770
Connecticut	2,469
Delaware	523
District of Columbia	1,205
Florida	3,951
Georgia	2,938
Hawaii	1,138
Idaho	512
Illinois	11,619
Indiana	3,037
Iowa	1,948
Kansas	1,498
Kentucky	2,845
Louisiana	2,996
Maine	980
Maryland	3,269
Massachusetts	1,172
Michigan	10,521
Minnesota	3,221
Mississippi	1,636
Missouri	3,130
Montana	446
Nebraska	822
Nevada	311
New Hampshire	489
New Jersey	6,951
New Mexico	922
New York	26,460
North Carolina	3,503
North Dakota	329

DISTRIBUTION OF FISCAL RELIEF FOR WELFARE COSTS UNDER H.R. 9346—Continued

State	Amount (thousands)
Ohio	7,802
Oklahoma	1,727
Oregon	2,219
Pennsylvania	11,241
Rhode Island	905
South Carolina	1,666
South Dakota	456
Tennessee	2,475
Texas	5,815
Utah	864
Vermont	483
Virginia	3,174
Washington	2,727
West Virginia	1,335
Wisconsin	4,286
Wyoming	218
Guam	47
Puerto Rico	450
Virgin Islands	33

[1] Less than 0.05 percent.

Fiscal incentives for lowering AFDC error rates.—The bill would establish a system of fiscal incentives for States which have low dollar error rates (below 4 percent) as measured by the AFDC quality control findings of incorrect payments.

Under the provision States which have dollar error rates of, or reduce their dollar error rates to, less than 4 percent but not less than 3.5 percent of the total expenditures would receive 10 percent of the Federal share of the money saved, as compared with the Federal costs of 4-percent payment error rate. This percentage would increase proportionately as shown in the following table:

If the error rate is:	*Incentive percentage* [1]
At least 3.5 percent but less than 4 percent	10
At least 3 percent but less than 3.5 percent	20
At least 2.5 percent but less than 3 percent	30
At least 2 percent but less than 2.5 percent	40
Less than 2 percent	50

[1] The State will retain this percent of the imputed Federal savings.

The dollar error rate of aid will include the payments to ineligibles plus overpayments plus underpayments plus the amount which would have been paid as benefits if the case had not been erroneously terminated or the application erroneously denied. The incentive would be based on Federal savings as compared with a 4-percent rate of excessive payments—that is, erroneous payments for ineligibles and overpayments.

Access by AFDC agencies to wage records.—The bill specifically authorizes State AFDC agencies to obtain wage information from the wage records maintained by the Social Security Administration and the wage records maintained by State unemployment compensation agencies for purposes of determining eligibility for (or amount of) AFDC. The Secretary of HEW would establish the necessary safeguards to prevent the improper use of such information. Effective October 1, 1979, States would be required to request and make use of this wage information either from the State unemployment compensation agency (if available there) or from the Social Security Administration.

State welfare demonstration projects.—The bill would authorize certain types of State demonstration projects related to the AFDC program to be implemented if the Secretary did not specifically disapprove the implementation of such projects within sixty days after the State applies to have the projects approved. In other words, a State could proceed with such projects either when the Secretary approved them, or sixty days after submitting them to the Secretary if no decision had been reached by HEW within that period.

Under this authority, States would be permitted to conduct not more than three demonstration projects but not more than one on a statewide basis. Projects involving public service employment would have to pay prevailing wages and meet reasonable standards related to health, safety and other conditions, could not displace employed workers, would have to be reasonable for the individuals participating, and would have to provide appropriate workmen's compensation protection. Participation in any project by any AFDC recipient would have to be on a voluntary basis.

States would be permitted to waive ordinary statutory rules requiring statewide uniformity, administration by a single agency, and regarding participation in the work incentive program and the disregard of certain amounts of earned income. (Not more than half of all earnings could be disregarded under the waiver authority, however.)

AFDC matching for these demonstration projects would be limited to the amount the State would have received through AFDC if it had not implemented the demonstration project. In addition, the State's general revenue sharing funds could be used to cover the costs of salaries for participants in public service employment which are not covered by AFDC matching.

Once implemented, demonstration projects could continue for up to 2 years unless the Secretary took action to disapprove a State waiver of statutory rules before the end of the 2-year period. The provision would not apply after September 30, 1980.

The bill provides that when a State submits an application it would be required to make a public announcement that such application has been made, make copies of the application available and receive public comments for at least 30 days. The Secretary would also be required to publish a summary of the proposed demonstration project and make copies of the application available.

The Secretary of HEW could deny applications by a State under this provision any time after receipt of the application, but could not approve an application until 30 days after it has been submitted.

Erroneous State supplementary payments.—H.R. 9346 provides authorization and direction for the Secretary of Health, Education, and Welfare to reimburse a State for erroneous State supplementary payments administered by them and paid during 1974 to the extent that an HEW audit (reviewed and concurred in by the Inspector General of the Department) determines is appropriate on the basis that the incorrect payments for the aged, blind, and disabled resulted from a State's good faith reliance upon erroneous or incomplete information furnished to the States by the Department or from a State's good faith reliance on incorrect supplemental security income payments made by the Department.

Wheelchairs.—The bill would permit payment for power-operated wheelchairs under medicare where the vehicle is determined to be medically necessary and safe.

Federal Election Campaign Act amendment.—The bill provides that a contribution to a tax-exempt organization selected by the payor from a list of five or more organizations named by the Government officer or employee would not be treated as an honorarium. It also provides that amounts returned to a payor before the end of the calendar year would not be treated as honoraria. The bill further provides that honoraria would be treated as accepted in the year of receipt.

SOCIAL SECURITY FINANCING TABLES

NOTE.—The following tables are based on information furnished by the Social Security Administration

CHANGE IN ACTUARIAL BALANCE OF THE OASDI PROGRAM OVER THE LONG-RANGE PERIOD (1977-2051) AS A RESULT OF CHANGES INCLUDED IN H.R. 9346

[Percentage of payroll costs; preliminary estimates]

Description of item	OASI	DI	Total
Cost of social security system under present law	15.51	3.68	19.19
Balance under present law	−6.06	−2.14	−8.20
Changes of the bill:			
Decoupling	9.63	2.32	11.95
New (wage-indexed) benefit formula	−5.91	−1.24	−7.16
Freeze minimum at 1978 level (including change in special minimum)	.07	.02	.08
Reduction in spouses' benefits for public pension	.04		.04
Retirement test	−.11		−.11
Delayed retirement credit (including DRC for widows)	−.06		−.06
Marriage/remarriage effect after age 60	−.01		−.01
No retroactive benefit for actuarially reduced benefits	.01		.01
Actuarial reduction applied to general benefit increase	.24		.24
Miscellaneous [1]			
Annual reporting of earnings	−.01		−.01
Total net effect of benefit changes	3.88	1.09	4.97
Change in wage base	.45	.08	.54
Self-employed tax rate to 1½ times employee tax rate	.08	.02	.10
Tax rate schedule	.57	.57	1.14
Total net effect of financing changes (including wage base)	1.11	.67	1.78
Total net cost effect	4.99	1.75	6.74
Balance under bill	−1.07	−.38	−1.45

[1] Includes change in SGA definition for blind, employer tax on tips deemed to be wages, provision on limited partnership coverage, tax relief for affiliated corporations, reduction of 20 year marriage requirement to 10 years for certain beneficiaries.

Note: Based on alternative II of the 1977 trustees report.

ESTIMATED AMOUNT OF CHANGES IN OASDI BENEFIT PAYMENTS UNDER H.R. 9346, CALENDAR YEARS 1978-83

(In millions)

	Calendar years—					
	1978	1979	1980	1981	1982	1983
Total amount of change in benefit payments	–$440	–$492	–$844	–$1,446	–$1,696	–$2,577
Benefit structure—net total		–70	–351	–803	–1,473	–2,377
Decoupling and wage-indexing formula (net)		–94	–423	–895	–1,563	–2,466
5-yr transition guarantee		24	79	118	150	180
Frozen minimum benefit			–7	–26	–60	–106
3-percent delayed retirement credit						15
Changes in retirement test—net total	54	266	359	404	895	981
Increases in exempt amount[1]	267	491	585	640	709	762
Reduction in exempt age from 72 to 70 in 1982					403	441
Elimination of monthly measure	–213	–225	–226	–236	–217	–222

Establish the retirement test exempt amount for beneficiaries aged 65 and over as a measure of substantial gainful activity for blind disabled workers		1	1	1	2	2
Elimination of retroactive payments of actuarially reduced benefits	–339	–536	–550	–559	–565	–569
Limitation on increases in actuarially reduced benefits	–90	–280	–500	–751	–948	–1,157
Increase in benefits of surviving spouses, resulting from deceased workers' delayed retirement credits	3	4	5	7	10	13
Delayed retirement credits for workers with actuarially reduced benefits		14	22	24	26	30
Reduction in benefits of spouses receiving public retirement pensions	–68	–106	–108	–110	–112	–116
Eliminate reduction in widowed spouses benefits due to remarriage after age 60		130	155	166	178	189
Reduction in duration of marriage required for divorced spouses benefits from 20 yr to 10 yr		67	80	86	92	98
Increase in special minimum benefits		12	14	14	15	16
Changes in annual wage reporting provisions	([3])	1	4	9	18	26
Authorization to enter into totalization agreements [2]	([3])	5	4	4	5	6
Increases in contribution and benefit base		([3])	21	62	161	281

[1] Exempt amount increased for beneficiaries aged 65 and over to $4,000 in 1978; $4,500 in 1979; $5,000 in 1980; $5,500 in 1981; and $6,000 in 1982.

[2] The estimates represent additional OASDI benefit payments that would result from implementation of totalization agreements already signed with Italy and West Germany. No agreement can become effective if either House of Congress disapproves the agreement within 90 days after it is submitted to Congress.

[3] Less than $500,000.

Note.—A positive figure represents additional benefit payments, and a negative figure represents a reduction in benefit payments.

ADDITIONAL CONTRIBUTION INCOME RESULTING FROM H.R. 9346, CALENDAR YEARS 1978–83

[In billions]

Calendar year	Increase in contribution and benefit base	Reallocation of tax rates between OASDI and HI	Increase in OASDI self-employment tax rates to 1½ times employee rate	Increase in tax rates	Total [1]
OASDI:					
1978		1.6			1.7
1979	4.0	1.1		1.5	6.6
1980	6.3	1.1		1.8	9.2
1981	8.0	1.2	0.2	8.1	17.6
1982	8.8	1.3	.8	10.3	21.3
1983	9.4	1.4	.9	11.1	22.9
HI:					
1978		−1.6			−1.6
1979	.9	−1.1			−.2
1980	1.4	−1.1			.2
1981	2.1	−1.2			.9
1982	2.4	−1.3			1.0
1983	2.5	−1.4			1.1
OASDHI:					
1978					([2])
1979	4.9			1.5	6.4
1980	7.6			1.8	9.4
1981	10.1		.2	8.1	18.4
1982	11.2		.8	10.3	22.4
1983	11.9		.9	11.1	23.9

[1] Includes relatively small amounts of additional taxes payable by employers on employees' income from tips and reduction in taxes due to the provision on totalization agreements.

[2] Amount is less than $50,000,000.

ESTIMATED OPERATIONS OF THE OASI AND DI TRUST FUNDS COMBINED, UNDER THE PROGRAM AS MODIFIED BY H.R. 9346, CALENDAR YEARS 1977-87

[Dollar amounts in billions]

Calendar year	Income	Outgo	Net increase in funds
1977	$82.1	$87.6	−$5.5
1978	92.4	97.2	−4.8
1979	106.5	106.9	−.4
1980	119.1	117.1	2.0
1981	137.1	127.4	9.6
1982	150.2	138.3	11.9
1983	161.3	149.2	12.1
1984	172.9	161.2	11.7
1985	194.2	174.0	20.1
1986	209.0	187.6	21.4
1987	223.7	202.0	21.7

Calendar year	Funds at end of year	Funds at beginning of year as a percentage of outgo during year	Funds at end of year as a percentage of outgo during year
1977	$35.6	47	41
1978	30.8	37	32
1979	30.4	29	28
1980	32.4	26	28
1981	42.0	25	33
1982	53.9	30	39
1983	66.0	36	44
1984	77.7	41	48
1985	97.9	45	56
1986	119.3	52	64
1987	141.0	59	70

Note: The above estimates are based on the intermediate set of assumptions shown in the 1977 trustees report.

ESTIMATED OPERATIONS OF THE OASI TRUST FUND UNDER THE PROGRAM AS MODIFIED BY H.R. 9346, CALENDAR YEARS 1977–87

[Dollar amounts in billions]

Calendar year	Income	Outgo	Net increase in fund
1977	$72.5	$75.6	–$3.1
1978	78.6	83.6	–5.0
1979	90.8	91.6	–.8
1980	101.5	100.0	1.5
1981	116.0	108.4	7.5
1982	127.2	117.4	9.7
1983	136.6	126.3	10.3
1984	146.4	136.0	10.5
1985	162.0	146.4	15.7
1986	174.1	157.3	16.8
1987	186.3	168.9	17.4

Calendar year	Fund at end of year	Fund at beginning of year as a percentage of outgo during year	Fund at end of year as a percentage of outgo during year
1977	$32.3	47	43
1978	27.3	39	33
1979	26.5	30	29
1980	28.0	26	28
1981	35.6	26	33
1982	45.3	30	39
1983	55.6	36	44
1984	66.1	41	49
1985	81.7	45	56
1986	98.5	52	63
1987	115.9	58	69

Note: The above estimates are based on the intermediate set of assumptions shown in the 1977 trustees report.

ESTIMATED OPERATIONS OF THE DI TRUST FUND UNDER THE PROGRAM AS MODIFIED BY H.R. 9346, CALENDAR YEARS 1977-87

[Dollar amounts in billions]

Calendar year	Income	Outgo	Net increase in fund
1977	$9.6	$12.0	–$2.4
1978	13.8	13.7	.2
1979	15.7	15.3	.4
1980	17.6	17.1	.5
1981	21.1	19.0	2.1
1982	23.0	20.9	2.1
1983	24.7	22.9	1.8
1984	26.5	25.2	1.3
1985	32.1	27.7	4.5
1986	34.9	30.3	4.6
1987	37.4	33.1	4.3

Calendar year	Fund at end of year	Fund at beginning of year as a percentage of outgo during year	Fund at end of year as a percentage of outgo during year
1977	$3.3	48	27
1978	3.5	24	25
1979	3.9	23	26
1980	4.4	23	25
1981	6.5	23	34
1982	8.6	31	41
1983	10.4	38	45
1984	11.6	41	46
1985	16.1	42	58
1986	20.8	53	69
1987	25.1	63	76

Note: The above estimates are based on the intermediate set of assumptions shown in the 1977 Trustees Report.

ESTIMATED OPERATIONS OF THE HI TRUST FUND UNDER THE PROGRAM AS MODIFIED BY H.R. 9346, CALENDAR YEARS 1977–87

[Dollar amounts in billions]

Calendar year	Income	Outgo	Net increase in fund
1977	$16.1	$16.2	–$0.1
1978	19.2	19.0	.2
1979	23.1	22.2	.9
1980	25.7	25.7	([1])
1981	34.0	29.7	4.3
1982	37.1	33.9	3.3
1983	39.7	38.5	1.2
1984	42.3	43.7	–1.4
1985	46.3	49.1	–2.8
1986	52.4	54.9	–2.5
1987	55.8	61.2	–5.4

Calendar year	Fund at end of year	Fund at beginning of year as a percentage of outgo during year	Funds at end of year as a percentage of outgo during year
1977	$10.5	66	65
1978	10.7	55	56
1979	11.6	48	52
1980	11.5	45	45
1981	15.9	39	53
1982	19.1	47	56
1983	20.3	50	53
1984	19.0	47	43
1985	16.1	39	33
1986	13.6	29	25
1987	8.2	22	13

[1] Outgo exceeds income by less than $50 million.

Note: The above estimates are based on the intermediate set of assumptions shown in the 1977 trustees report.

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