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SOCIAL SECURITY FINANCING AMENDMENTS OF 1977

H.R. 9346

Comparison of House and Senate Bills With Existing Law

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Prepared by the staffs of the Subcommittee on Social Security of the Committee on Ways and Means and the Committee on Finance for the use of the Conferees

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I. CAPSULE COMPARISON OF HOUSE AND SENATE BILLS

I. FINANCING

Tax base.—Both bills increase the amount of earnings subject to social security taxes. However, the amount of the increase differs and the Senate bill, unlike the House bill, proposes a different ceiling on the amount of earnings subject to the employer tax from the ceiling on the amount of earnings subject to the employee tax:

Amount of annual earnings subject to social security taxes

Calendar year	Present law	House bill: Employees, employers, self-employed	Senate bill: Employees, self-employed	Senate bill: Employers
1978	$17,700	$19,900	$17,700	$17,700
1979	18,900	22,900	19,500	50,000
1980	20,400	25,900	21,000	50,000
1981	21,900	29,700	23,100	50,000
1982	23,400	31,800	24,600	50,000
1983	24,900	33,900	26,700	50,000
1984	26,400	36,000	28,200	50,000
1985	27,900	38,100	30,300	75,000

Under the Senate bill it is estimated that the employee wage base will reach the employer level of $75,000 in the year 2002.

Tax rate—OASDHI.—The Senate bill has a small tax increase in 1979 but from 1981 (the first year of the House tax rate increase) through 1994, the rates under both bills are quite similar. In 1990 the House tax rate reaches its ultimate rate at 7.65 percent (for employees and employers, each) while the Senate bill stands at 7.55 percent (each). Subsequently, the Senate rate increases to 8.10 percent (each) in 1995, 8.70 percent (each) in 2001, and 9.20 percent (each) in 2011 and thereafter. The self-employment tax under both bills is returned to its original ratio of 1½ times the employee-employer rate. The Senate bill (Danforth floor amendment) also would generally limit State and local governmental and non-profit employers' tax liability to 90 percent of the liability under the law as amended by the bill but not less than 1979 liability under present law, effective beginning in calendar year 1979. The Danforth amendment further authorizes funds to be paid from general revenues to reimburse the trust funds for the amount by which the employer liability of States and non-profit organizations is reduced.

Allocation to disability insurance.—In the 1980's slightly more in revenues is allocated to DI under the Senate bill than under the House bill. (This is more than offset by increased disability expenditures because of two Senate floor amendments.) In 1990 the ultimate allocation is reached under the House bill (1.10 percent each of payroll) which is just about equal to the Senate allocation in 1990–1994 (1.05 percent each). After 1994 the allocation under the Senate bill increases three more times reaching its ultimate allocation of 1.50 percent (each) in 2011 and thereafter.

Trust fund guarantee.—The House bill provides standby authority for automatic loans to the OASDI trust funds appropriating funds from Federal general revenues whenever the assets of a trust fund at the end of a calendar year amount to less than 25 percent of the outgo from the fund in the calendar year. A repayment of the loan is required and an additional tax is imposed under specific conditions. No comparable provision is in the Senate bill.

II. Stabilization of Benefits

Decoupling.—Both the Senate and House bills modify the existing law provisions for increasing benefit amounts as the Consumer Price Index rises so that, in the future, those increases will apply only to persons already on the benefit rolls and not to the formula for computing initial benefits.

New benefit formula for computing initial benefits.—Both the Senate and House bills adopt new formulas for computing initial benefits based on the concept generally referred to as "wage indexing." The Senate and House bills are basically the same, with the following exceptions: (1) The House bill is designed to provide replacement rates 5 percent below those estimated for existing law in 1979 while the Senate bill would provide them 2½ percent below this level. (2) The House bill provides a 10-year transition guarantee for the aged while the Senate bill's guarantee would be for 5 years. (Both the Senate and House bills freeze the regular minimum benefit at its December 1978 level—estimated at $121 per month.) (3) The House bill increases the special minimum which applies to low-income workers who have over 20 years of coverage. The Senate bill would continue present law for the special minimum.

III. Coverage

Universal coverage.—The House bill (Fisher floor amendment) provides for an extensive study by the Chairman of the Civil Service Commission, the Secretaries of Treasury and Health, Education, and Welfare, and the Director of the Office of Management and Budget of the coverage of Federal employees and State and local employees under social security and a report back to the President and Congress no later than 2 years after enactment with appropriate recommendations. No provision is made for a study of nonprofit organization coverage.

International social security agreements—totalization.—Both the House and Senate bills authorize the President to enter into agreements with other countries to coordinate the social security protection provided for people who work under the social security programs of both the U.S. and the other country. The Senate bill differs from the House bill in that it would allow either House of Congress to disapprove the agreement by simple resolution. Such action would have to be taken within 90 days after the agreement is submitted to the Congress.

Other coverage provisions.—The House bill provides for employer tax liability for tips deemed wages under the minimum wage, the exclusion of income from limited partnerships, the revocation of coverage exemptions by clergymen, and two State and local provisions affecting employees in Illinois and Wisconsin.

IV. Treatment of Men and Women

Gender-based distinctions.—The House bill includes a series of provisions to make changes in the social security law to eliminate differences in treatment between men and women. Some of these would write into the Act provisions which carry out Supreme Court decisions already being implemented by regulations. The Senate bill includes no such provisions.

Study.—Both bills also would direct the Secretary of Health, Education, and Welfare to conduct a study of changes in the social security program needed to guarantee that men and women are treated equitably. The study is to be completed within 6 months of enactment of legislation. Included in this study would be various alternatives to mitigate the cost impact of the recent *Goldfarb* and companion decisions on the system. These decisions eliminated the requirement in the Act that men must prove dependency on their wives in order to receive husbands' or widowers' benefits on their wives' earnings records. (The House bill does not make this change in its gender-based distinction changes although the Social Security Administration is carrying out the decision.)

Public pension offset.—The Senate bill eliminates from the statute the dependency requirements for men and provides for the reduction of benefits payable under social security to dependent spouses (including surviving spouses) by the amount of any civil service (Federal, State or local) retirement benefit payable to the spouse. The provisions would apply only to individuals applying for spouses' social security benefits in the future and only if the dependent spouse had a pension based on his or her own earnings in public employment which was not covered under the social security system.

Divorced spouse—marriage requirements.—The House bill includes two provisions to liberalize benefits for spouses. One would shorten the duration of marriage requirement for aged divorced spouse's benefits from 20 years to 5 years. The other would provide that remarriage would not cause any reduction in the benefits paid to aged widows or widowers and that marriage would not bar or terminate benefits for all other auxiliary beneficiaries.

V. Retirement Test

Exempt amount.—The House bill (Ketchum floor amendment) raises the retirement test exempt amount for beneficiaries age 65–72 to $1,000 in 1978, $4,500 in 1979, $5,000 in 1980, and $5,500 in 1981. Beginning in 1982 the retirement test would be eliminated for such beneficiaries.

The Senate bill raises the retirement test exempt amount for all beneficiaries under age 72 to $4,500 in 1978 and to $6,000 in 1979. After 1979, the $6,000 level would be increased automatically as wage levels rise. The bill

(Church floor amendment) also repeals the earnings limit for workers age 70 and over, effective in 1982.

Foreign work test.—The House bill liberalizes the foreign work test.

VI. Annual Reporting

The House bill modifies the annual reporting legislation passed in 1975 so that employers need not report, for coverage purposes, quarterly wage data. The bill also changes the quarter-of-coverage measure and certain automatic provisions of the law so that annual rather than quarterly data would be used. The most important change would change the quarter-of-coverage measure from $50 a quarter to one quarter of coverage (up to a total of four) for each $250 of annual earnings. The $250 measure would be increased automatically every year to reflect increases in wages.

VII. Miscellaneous Provisions

The House bill (Jenkins floor amendment) provides for the establishment of a National Commission on Social Security. The Senate bill extends the filing date for the report of the advisory council to be appointed this year.

The Senate bill converts temporary Administrative Law Judges to permanent status in the same manner as H.R. 5723 which was approved by Ways and Means.

The Senate bill requires the Secretary of Labor, in consultation with the Secretary of Health, Education, and Welfare, to study the need to develop a special consumer price index for the elderly, and to report to Congress within 6 months of enactment.

The Senate bill would have the present law delayed retirement increment earned by a worker reflected in the benefit of the widow or widower, while the House bill would increase the delayed retirement increment from 1 to 3 percent a year for workers who do not receive benefits between age 65 and 72.

The Senate bill would provide that a group of corporations concurrently employing an individual would be considered as a single employer if the group uses a common paymaster for purposes of determining the maximum amount of earnings subject to social security and unemployment taxes.

The Senate bill provides relief to certain nonprofit organizations that had not properly waived their exempt status. Similar legislation (H.R. 8490) was reported out of Committee in the House.

The Senate bill (Wallop floor amendment) eliminates the reduction of disability benefits on account of workmen's compensation benefits, effective upon enactment.

The Senate bill (Bayh floor amendment) permits blind persons to receive disability benefits without regard to their earnings capacity (and without regard to their actual earnings). The Senate amendment would also lower to 6 the number of quarters of coverage required for the blind to qualify for disability benefits.

The Senate (Church floor amendment) bill puts cost-of-living increases for monthly benefits on a semi-annual basis. A CPI increase of 4 percent in a 6-month period will trigger a semi-annual adjustment. The earliest possible effective date is January 1979. SSI and Railroad Retirement benefits are also affected.

VIII. Provisions in Both Bills

Both Senate and House bills contain similar provisions with respect to several issues. Where differences in these provisions exist (e.g., different effective dates), the provisions are described fully in the comparative text. The following provisions, however, are identical in the two bills:

(1) Elimination of the monthly exception to the retirement test which permits benefits to be paid for months of low earnings regardless of annual earnings;

(2) Modification of cost-of-living increase provisions for persons who originally received actuarially reduced benefits. Percentage increases would be based in the future on the actual (reduced) benefit amount rather than on the unreduced benefit rate;

(3) Provisions permitting social security coverage for certain policemen and firemen in Mississippi and public employees in New Jersey.

IX. Non-OASDI Provisions

The Senate amendment also includes a number of provisions not directly related to the social security program. These provisions:

(1) Make available a one-time fiscal relief payment to State and local governments (related to their welfare costs) of $374 million;

(2) Provide certain fiscal incentives for reducing welfare error rates;

(3) Provide State welfare agencies access to wage information maintained for purposes of the social security and unemployment compensation programs;

(4) Allow States to undertake certain demonstration projects involving the employment of welfare recipients;

(5) Modify the provisions under which certain earned income is disregarded in determining the amount of welfare grants under the AFDC program;

(6) Permit reimbursement under medicare for certain wheelchairs;

(7) Provide that veterans pension payments will not be reduced as a result of future social security benefit increases;

(8) Require Federal reimbursement for certain erroneous State payments in 1974 supplementing the SSI program;

(9) Make available a tax credit for a portion of the expenses incurred by a taxpayer for higher education; and

(10) Make certain modifications in the treatment of honoraria under the Federal Election Act.

II. PROVISIONS TO IMPROVE THE FINANCING OF THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAMS

ITEM	PRESENT LAW

A. Adjustments in tax rates.

House bill
Sec. 101
p. 4

Senate bill
Sec. 103
p. 141

In 1977, the Federal OASDHI contribution rate is equal to 5.85% of taxable earnings for the employer and the employee, each (11.7% combined). The OASDI tax is 4.95%, each. The law provides a schedule of OASDHI contribution rates which reach an ultimate rate of 7.45%, each (5.95% each for OASDI) in 2011.

In 1977 the OASDHI contribution rate for the self-employed is 7.9% of net earnings; OASDI tax is 7.0% for self-employed.

In 1977 the hospital insurance (HI) contribution rate is equal to 0.9% of taxable earnings, each for the employer and the employee, plus 0.9% for the self-employed.

The following table shows OASDHI contribution rates under present law:

[In percent]

Calendar year	OASDI	HI	Total
Employees and employers, each			
1977	4.95	0.90	5.85
1978–80	4.95	1.10	6.05
1981–84	4.95	1.35	6.30
1985	4.95	1.35	6.30
1986–89	4.95	1.50	6.45
1990–2010	4.95	1.50	6.45
2011 and later	5.95	1.50	7.45

HOUSE BILL	SENATE BILL
The House bill provides for increases in the OASDHI contribution rate for employers and employees, each over present law beginning in 1981, and a schedule of contribution rates for OASDHI which reaches an ultimate rate of 7.65% each (6.20% each for OASDI) in 1990.	The Senate bill would increase the OASDHI contribution rates for employers and employees, each over present law beginning in 1979. The schedule of OASDHI contribution rates reaches an ultimate rate of 9.2%, each (7.8% each, for OASDI) in 2011.
The self-employment OASDI rate would be increased to the original ratio of 1½ times the employee rate beginning in 1981. The HI tax for the self-employed would continue to be equal to the employee HI rate.	Similar provision.
The House bill provides that a portion of the HI tax increases already scheduled in the law would be shifted to the OASDI program. Of the 0.20% HI tax increase scheduled for employers and employees each in 1978, 0.10% would go to OASDI for the years 1978–80 and 0.05% would be shifted in 1981 and thereafter.	Reduces HI tax rate by 0.10% for 1978, by 0.05% for 1979–80 and by 0.10% for 1981–84. There would be no change in the rate for 1985 and for years after 1985 the rate would be reduced by 0.10%.

The following table shows OASDHI contribution rates under the House bill:

[In percent]

Calendar year	OASDI	HI	Total
Employees and employers, each			
1977	4.95	0.90	5.85
1978–80	5.05	1.00	6.05
1981	5.25	1.30	6.55
1982–84	5.35	1.30	6.65
1985	5.65	1.30	6.95
1986–89	5.65	1.45	7.10
1990 and after	6.20	1.45	7.65

The following table shows the OASDHI contribution rates under the Senate bill:

[In percent]

Calendar year	OASDI	HI	Total
Employees and employers, each			
1977	4.95	0.90	5.85
1978	5.05	1.00	6.05
1979–80	5.085	1.05	6.135
1981	5.35	1.25	6.60
1982–84	5.40	1.25	6.65
1985	5.70	1.35	7.05
1986–89	5.70	1.40	7.10
1990–94	6.15	1.40	7.55
1995–2000	6.70	1.40	8.10
2001–10	7.30	1.40	8.70
2011 and after	7.80	1.40	9.20

ITEM	PRESENT LAW

Calendar year	OASDI	HI	Total
Self-employed persons			
1977	7.00	0.90	7.90
1978-80	7.00	1.10	8.10
1981-84	7.00	1.35	8.35
1985	7.00	1.35	8.35
1986-89	7.00	1.50	8.50
1990 and later	7.00	1.50	8.50

B. Allocation to DI trust fund.

House bill
Sec. 102
p. 9

In 1977 the disability insurance trust fund (DI) receives an amount equal to 0.575 percent each from the employer and employee (1.15% combined), plus 0.815 percent of self-employment income from which benefits and administrative expenses are paid for the disability insurance program. A schedule of allocations of portions of OASDI income to the DI trust fund is provided in the law. All other income from OASDI taxes goes to the OASI fund.

Allocation between the OASI and the DI trust funds is shown in the following table:

[In percent]

Calendar years	Employee and employer, rates, each: OASI	DI
1977	4.375	0.575
1978-80	4.350	.600
1981-85	4.300	.650
1986-2010	4.250	.700
2011 and later	5.100	.850
	Self-employed rates	
1977	6.1850	.8150
1978-80	6.1500	.8500
1981-85	6.0800	.9200
1986-2010	6.0100	.9900
2011 and later	6.0000	1.0000

HOUSE BILL

Calendar year	OASDI	HI	Total
Self-employed persons			
1977	7.00	0.90	7.90
1978-80	7.10	1.00	8.10
1981	7.90	1.30	9.20
1982-84	8.05	1.30	9.35
1985	8.45	1.30	9.75
1986-89	8.45	1.45	9.90
1990 and after	9.30	1.45	10.75

The House bill increases allocation to the disability insurance trust fund, beginning in 1978.

Allocation between the OASI and the DI trust funds is shown in the following table:

[In percent]

Calendar years	Employer and employee rate, each: OASI	DI
1977	4.375	0.575
1978	4.275	.775
1979-80	4.300	.750
1981	4.450	.800
1982-84	4.550	.800
1985-89	4.750	.900
1990 and later	5.100	1.100
Self-employed rates		
1977	6.185	0.815
1978	6.010	1.090
1979-80	6.045	1.055
1981	6.700	1.200
1982-84	6.850	1.200
1985-89	7.100	1.350
1990 and later	7.650	1.650

SENATE BILL

Calendar year	OASDI	HI	Total
Self-employed persons			
1977	7.00	0.90	7.90
1978	7.10	1.00	8.10
1979-80	7.05	1.05	8.10
1981	8.00	1.25	9.25
1982-84	[1] 8.10	1.25	9.35
1985	8.55	1.35	9.90
1986-89	8.55	1.40	9.95
1990-94	9.25	1.40	10.65
1995-2000	10.05	1.40	11.45
2001-10	10.95	1.40	12.35
2011 and after	11.70	1.40	13.10

[1] The Senate amendment provides a tax rate of 8.00% for 1982-1984. The Senate floor debate indicates that a rate of 8.10 was intended.

Similar provision with different allocation.

Allocation between the OASI and the DI trust funds is shown in the following table:

[In percent]

Calendar years	Employer and employee rate, each: OASI	DI
1977	4.375	0.575
1978	4.275	.775
1979-80	4.335	.750
1981	4.525	.825
1982-84	4.575	.825
1985-89	4.750	.950
1990-94	5.100	1.050
1995-2000	5.500	1.200
2001-10	5.950	1.350
2011 and after	6.300	1.500
Self-employed rates		
1977	6.185	0.815
1978	6.010	1.090
1979-80	6.010	1.040
1981	6.7625	1.2375
1982-84	6.8625	1.2375
1985-89	7.125	1.425
1990-94	7.675	1.575
1995-2000	8.250	1.800
2001-10	8.925	2.025
2011 and after	9.450	2.250

ITEM	PRESENT LAW

C. Increases in earnings base.

House bill
sec. 103
p. 10

Senate bill
sec. 101-102
pp. 139-140

The maximum amount of annual earnings subject to the employer and employee social security tax is $16,500 in 1977, covering approximately 85% of total payroll. In the year after an automatic benefit increase becomes effective, the taxable wage base will automatically increase in proportion to the increase in average wages in covered employment.

Year:	Contribution and benefit base
1978	$17,700
1979	[1] 18,900
1980	[1] 20,400
1981	[1] 21,900
1982	[1] 23,400
1983	[1] 24,900
1984	[1] 26,400
1985	[1] 27,900
1986	[1] 29,400
1987	[1] 31,200

[1] Estimated amount under automatic provision in law.

Tier-II of the Railroad Retirement program is an industry annuity program which is financed from a 9.5% tax on wages paid by employers without any contribution from employees. Both the amount of earnings taxed and the benefits paid are limited by the amount of earnings taxed under the social security program and rise as the social security tax base rises.

The Pension Benefit Guaranty Corporation (PBGC) under the Employee Retirement Income Security Act of 1974 provides for the insurance of pensions up to a certain maximum monthly amount. Initially, the amount was $750, and the amount increases automatically each year to reflect increases in the general level of wages. The mechanism to increase the amount is the taxable wage base under social security.

HOUSE BILL	SENATE BILL

The House bill provides for 4 *ad hoc* increases in the contribution and benefit base in 1978, 1979, 1980 and 1981 so that in 1981 and thereafter about 91% of all payroll in covered employment would be taxable for social security purposes (and about 94% of all workers would have their full earnings credited for benefit purposes). After 1981 the base would be automatically adjusted to keep up with average wage levels in the same way the present-law base is adjusted.

The following table shows the base under present law and under the House bill.

Year	Present law	House bill
1977	$16,500	$16,500
1978	17,700	[1] 19,900
1979	[2] 18,900	[1] 22,900
1980	[2] 20,400	[1] 25,900
1981	[2] 21,900	[1] 29,700
1982	[2] 23,400	[2] 31,800
1983	[2] 24,900	[2] 33,900
1984	[2] 26,400	[2] 36,000
1985	[2] 27,900	[2] 38,100
1986	[2] 29,400	[2] 40,200
1987	[2] 31,200	[2] 42,600

[1] *Ad hoc* increases.
[2] Estimated amount under automatic provision in law.

The Senate bill calls for four $600 increases above the level that would prevail under present law for employees and the self-employed in 1979, 1981, 1983 and 1985. The base for employers would be increased to $50,000 in 1979 and to $75,000 in 1985. It would remain at $75,000 until the employee base reaches that level. Once the two bases are equal, both will increase at the same rate as under the present automatic-increase provisions.

The following table shows the tax base estimated for employees and the self-employed under present law and under the Senate bill:

Year	Present law	Senate bill
1978	$17,700	$17,700
1979	[1] 18,900	[2] 19,500
1980	[1] 20,400	[2] 21,000
1981	[1] 21,900	[2] 23,100
1982	[1] 23,400	[2] 24,600
1983	[1] 24,900	[2] 26,700
1984	[1] 26,400	[2] 28,200
1985	[1] 27,900	[2] 30,300
1986	[1] 29,400	[2] 32,100
1987	[1] 31,200	[2] 33,900

[1] Estimated amount under automatic provision in law.
[2] Estimated amount under automatic provision, with additional increments of $600 in each year 1979, 1981, 1983, and 1985.

The tax base for tier-II of the Railroad Retirement Act would not be affected in any way by the House bill. The tier-II base for both benefits and tax purposes would be the same as under the automatic-increase provision of the present law.

The Senate bill contains a similar provision except that the amount of earnings used for computing the tier-II benefit would be the base used for social security benefits under the amended law. (As under the House bill, the tier-II tax would apply to the present-law base.)

The Pension Benefit Guaranty Corporation (PBGC) would not be affected by the ad hoc increases of the wage base under social security. The insured pension amount would increase as it would under automatic increase provisions of present law.

No similar provision. (However the PBGC would be affected only by the changes made in the employee tax base, and not by the changes in the employer base.)

ITEM	PRESENT LAW
D. Reduction in taxes of certain employers. **Senate bill** **sec. 106** **p. 176**	No provision.
E. Standby guarantee of trust fund levels. **House bill** **sec. 104** **p. 13**	No provision.

HOUSE BILL	SENATE BILL
No provision.	The Senate amendment would limit State and local governmental and 501(c)(3) nonprofit employers' social security liability for 1979 to the liability that would be incurred for 1979 under the provisions of present law. For 1980 and after, such an employer's liability (in dollars) would generally be 90 percent of the liability under the law as amended by the bill, but not less than the 1979 liability. In no case would the provision require an increase in liability as compared with the regular provisions applicable to other employers. (Danforth floor amendment adopted by a vote of 57 to 28.) An authorization for appropriations from general revenues is provided to make up the loss of social security revenue to the trust funds that would result from enactment of the provision. (Danforth floor amendment adopted by a vote of 44 to 26.)
The House bill provides standby authority for automatic loans to the OASDI trust funds from Federal general revenues whenever the assets of a cash benefits trust fund at the end of a calendar year amount to less than 25% of the outgo from the fund in the calendar year. The amount of the loan would be equal to the difference between the year-end balance in the fund and 27½% of the year's outgo. Such loans would automatically be repaid with accrued interest when assets at the end of a year exceeded 30% of the year's outgo from the fund. To provide for automatic repayment, there would be temporary social security tax-rate increases of 0.1% for employees and employers, each, and 0.15% for the self-employed, if at the end of any year after the year the loan was made the reserve level is less than 35% and the loan debt exceeds $2 billion. This temporary tax rate increase would go into effect one year later. The standby loan authority would not be applicable for the HI trust fund.	No provision.

ITEM | PRESENT LAW

III. STABILIZATION OF REPLACEMENT RATES IN THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAM (DECOUPLING)

A. Computation of primary insurance amount (PIA).

House bill
sec. 201
p. 17

Senate bill
sec. 104
p. 149

Average monthly wage.—A worker's benefit amount is determined from the benefit table (in or deemed to be) in the law which relates average monthly wage amounts to primary benefits (PIA's).

Benefit formula.—The law provides a benefit table which is used in determining benefit amounts for both future beneficiaries and those now on the benefit rolls.

Though not stated in the law, the formula that underlies the amounts in the table, effective June, 1977 is:

145.90 percent of first $110 of AME, plus
53.07 percent of next $290 of AME, plus
49.59 percent of next $150 of AME, plus
58.29 percent of next $100 of AME, plus
32.42 percent of next $100 of AME, plus
27.02 percent of next $250 of AME, plus
24.34 percent of next $175 of AME, plus
22.54 percent of next $100 of AME, plus
21.18 percent of next $100 of AME.

HOUSE BILL	SENATE BILL
Average indexed monthly wage (p. 25).—Applies a *benefit formula* in the law to an individual's average *indexed* monthly earnings, which are indexed by wages. Apart from the indexing procedures, the computation of the average wages for benefit purposes generally follows existing law.	*Average indexed monthly wage* (p. 150).—Similar provision.
Benefit formula (p. 17).—Provides a new benefit formula for individuals who become eligible for old-age benefits (regardless of when they apply for those benefits) after 1978, whose disability occurred after 1978, or who die after 1978.	*Benefit formula* (p. 150).—Similar provision except that the formula for 1979 would be:
The formula for 1979 would be: 90 percent of the first \$180 of average indexed monthly earnings (AIME): plus 32 percent of AIME over \$180 through AIME of \$1,085; plus 15 percent of AIME above \$1,085.	92 percent of the first \$180 of AIME: plus 33 percent of AIME over \$180 through AIME of \$1,075; plus 16 percent of AIME above \$1,075.
This formula would provide benefit amounts roughly 5 percent lower than those that are estimated for 1979 under existing law.	This formula would provide benefit amounts roughly 2½ percent lower than those that are estimated for 1979 under existing law.
For beneficiaries on the rolls cost-of-living benefit increase procedures would operate as they do under present law.	Similar provision, except that two increases per year would be possible.
Transition guarantees.—For the 10-year period 1979-88 individuals becoming first eligible for *old-age* benefits would guaranteed the higher of the PIA under wage-indexing or under the benefit table in the law in December 1978.	Similar provision for the 5-year period 1979-83.

ITEM	PRESENT LAW
	Cost-of-living increases.—If the Secretary determines that in the 1st quarter of the year (January-March) the cost of living (CPI) has exceeded by 3 percent or more the level for the 1st quarter of the most recent preceding year in which a cost-of-living benefit increase has gone into effect, or, if later, the most recent calendar quarter in which an *ad hoc* increase became effective, a benefit increase equal to the percentage increase in the CPI between the 2 quarters (rounded to the nearest $^{1}/_{10}$ of 1 percent) is effective for June of the year in which the determination is made (payable in the July checks). (Supplemental security income payment levels are increased effective for July payable in the July checks.) The increase is effective for beneficiaries on the rolls and for future beneficiaries. (Each percentage figure in the benefit formula by the percentage increase.) There is no cost-of-living increase if in the preceding year a law had been enacted providing a general benefit increase or if a legislated benefit increase had become effective.
	Minimum monthly primary amount.—$114 as of June 1977 (average monthly wage of $76 and below) increased by the cost of living.
	Special minimum benefit.—Provides a special minimum benefit of up to $180 a month for a worker with 30 years of creditable earnings ($270 for a couple). The special minimum is calculated by multiplying $9 times the number of years of coverage in excess of 10 and up to 30—for a maximum multiplier of 20. Generally a year of "coverage" is a year in which a person has earnings at least as high as one quarter of the contribution and benefit base ($4,125 in 1977) in effect for the year and this would rise with average wages in the future. Benefit not increased by cost-of-living mechanism.
B. Maximum family benefits. **House bill** **sec. 202** **p. 39** **Senate bill** **sec. 105** **p. 170**	*Maximum monthly family benefit June 1979.*—Men and women age 62 in June 1979: $887. Young disabled: $1,249.

HOUSE BILL	SENATE BILL
Cost-of-living (p. 35).—Provides that in general cost-of-living increases will apply only to keep benefits up to date with price level changes beginning with the year each individual becomes eligible for benefits (or dies).	*Cost-of-living increases* (p. 166).—Similar provision, except that effective December 1977 semi-annual cost-of-living increases would be possible effective each December and June (January and July for Supplemental Security Income payment levels). A cost-of-living increase is provided at the end of a 6-month period if the CPI increases by at least 4 percent. If an increase is not provided because the 4-percent trigger is not met, the percentage drops back to 3 for a 12-month period as under present law. It is already known that no increase could be provided effective for December 1977. The measuring period would end with February for a June increase, or August for a December increase, and would begin with the previous February or August which triggered the previous automatic increase, or the last month which was the effective month of an *ad hoc* benefit increase if later. However, the first measuring period under the amendment would begin with the first calendar *quarter* of 1977. (Sec. 135, p. 225). (Church floor amendment adopted by a vote of 50 yeas to 21 nays.)
Minimum monthly primary amount (p. 19).—The December 1978 minimum benefit rounded to the next higher dollar (estimated to be $121) would be frozen for new beneficiaries but the minimum benefit would be increased in line with CPI increases after a worker reaches age 62, becomes disabled, or dies.	*Minimum monthly primary amount* (p. 151).—Similar provision, except that the Senate amendment would increase the minimum by the CPI index only from the point where the individual actually begins to receive benefits rather than from the point at which he becomes eligible for benefits (or dies).
Special minimum benefit (p. 19).—Raises $9 figure to $11.50 thereby increasing the maximum benefit amounts to $230 for an individual and $345 for a couple. Years of coverage will be based on the existing contribution base (without ad hoc increases as a result of H.R. 9346) increased automatically. Benefits will be increased by cost-of-living mechanism. Effective January 1979.	No provision.
Maximum monthly family benefit.—Men and women age 62 in June 1979: $840. Young disabled: $951.	*Maximum monthly family benefit.*—Men and women age 62 in 1979: $858. Young disabled: $952.

ITEM	PRESENT LAW
	Although not specified in the law the formula underlying the benefit table in the law on June 1979 for the family maximum is estimated to be 150 percent of PIA's up to $257. It gradually increases to 188 percent of a PIA of $368 and then declines to 175 percent of PIA's for $483 and above.
C. Increase in old-age benefit amounts for delayed retirement. **House bill** **sec. 203** **p. 47** **Senate bill** **sec. 123** **p. 185**	*Automatic increases on account of delayed retirement.*—An old-age beneficiary who claims no benefits prior to age 65 and thereafter has benefits withheld under the retirement test is entitled to have his benefit increased by a credit equal to 1/12 of 1 percent for each full month of withholding. Increases are effective in January of the year following the year the credits were earned, except that credits earned in the year of attainment of age 72 are effective in the month of such attainment.

IV. COVERAGE UNDER THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAM

ITEM	PRESENT LAW
A. Study concerning mandatory coverage of Federal employees. **House bill** **sec. 301** **p. 50**	*Excludes* civilian employees of the United States or its instrumentalities who are covered under Federal staff retirement systems.

HOUSE BILL	SENATE BILL
The family maximum benefit formula would be specified in the law and would range from 150 to 188 percent of the PIA as under present law.	**Similar provision.**
The family maximum benefit amounts would be determined by applying the following formula: 150 percent of the first $230 of PIA, plus 272 percent of the next $102 of PIA, plus 134 percent of the next $101 of PIA, plus 175 percent of the remainder.	Similar provision except that the formula would be: 150 percent of the first $236 of PIA, plus 272 percent of the next $106 of PIA, plus 134 percent of the next $107 of PIA, plus 175 percent of the remainder.
Provides for an increase in the delayed retirement credit (which applies to the worker only) to one-fourth of 1 percent for each month (3 percent per year) a worker does not receive a benefit from age 65 and up to the month he reaches age 72. The provision would apply for months after 1981 for workers whose benefits are computed under the new wage indexed system or under the 10-year transitional guarantee.	No similar provision, but makes delayed retirement credit applicable to widow and widower benefits, as well as to the worker's benefit.
Provides that as soon as possible after the date of enactment, the Chairman of the Civil Service Commission, the Secretaries of Treasury and Health, Education, and Welfare, and the Director of the Office of Management and Budget shall jointly conduct a detailed study with respect to methods by which full coverage of Federal employees under OASDHI could be attained. Upon completion of the study, and in any event no later than two years after the date of enactment, a report will be submitted to the President and the appropriate Committees of Congress including the results of the study and recommendations (Fisher amendment adopted by a vote of 380 to 39.)	No provision.

ITEM	PRESENT LAW
B. Study concerning mandatory coverage of State and local government employees. **House bill** **sec. 302** **p. 54**	*Covers* on an optional basis employees of States (including Puerto Rico, Virgin Islands, Guam and American Samoa) and political subdivisions thereof, under voluntary agreements between the Secretary of Health, Education, and Welfare and each State.
C. Limited partnerships. **House bill** **sec. 303** **p. 57**	A partner's share of partnership income is includable in his net income from self-employment irrespective of the nature of his membership in the partnership.
D. Cash tips. **House bill** **sec. 304** **p. 59**	Cash tips received by an employee in the course of his employment are covered as wages for social security purposes if the tips amount to $20 or more a month for employment by one employer. Employers are not required to pay the social security employer tax on the tips. The tips represent compensation for income tax purposes even though less than $20 a month or even though paid in other than cash but are not, under either of these conditions, subject to withholding for income tax purposes. However, tips amounting to $20 or more a month in work for one employer are subject to withholding for income tax purposes.
E. Ministers and members of religious orders. **House bill** **sec. 305** **p. 60**	*Covers* as self-employed duly ordained, commissioned, or licensed ministers, Christian Science practitioners, and members of religious orders (other than those who have taken a vow of poverty.) Clergymen irrevocably can elect not to be covered if they are conscientiously opposed to social security coverage on grounds of conscientious belief or religious principle.
F. International social security agreements (totalization). **House bill** **sec. 306** **p. 62** **Senate bill** **sec. 128** **p. 233**	No provision.

HOUSE BILL	SENATE BILL
Provides that as soon as possible after the date of enactment, the Chairman of the Civil Service Commission, the Secretaries of Treasury and Health, Education and Welfare and the Director of the Office of Management and Budget shall jointly conduct a detailed study with respect to methods by which full coverage of State and local employees under OASDHI could be attained. Upon completion of the study, and in any event no later than 2 years after the date of enactment, a report will be submitted to the President and the appropriate committees of Congress including the results of the study and recommendations. (Fisher amendment adopted by a vote of 380 to 39.)	No provision.
Excludes from social security coverage the distributive share of income or loss from a limited partnership. Effective for taxable years beginning after December 31, 1977.	No provision.
Requires employers to pay social security contributions with respect to covered tips which are deemed wages under the Federal minimum wage law. Effective January, 1978.	No provision.
Provides that an election made by a clergyman in the past to be exempt from social security may be revoked by filing an application no later than the due date of the tax return for his first taxable year beginning after enactment. Effective for taxable years ending on or after enactment, or beginning after enactment (whichever is specified by the clergyman).	No provision.
Provides the President with authority to enter into bilateral social security agreements (totalization agreements) with interested foreign countries to provide for limited coordination between U.S. social security system and that of the other country. An agreement could eliminate dual coverage and contributions for the same work under the social security systems of two cooperating countries and could provide that eligibility and the amount of benefits payable by each country would take into account a	Similar provision except:

ITEM	PRESENT LAW
G. Illinois policemen, firemen. House bill sec. 307 p. 67	Illinois is not on list of States who can extend coverage to policemen and firemen under a retirement system.
H. Wisconsin Retirement Fund. House bill sec. 310 p. 69	Wisconsin Retirement Fund—Allows the State of Wisconsin to extend coverage to State and local employees covered under the Wisconsin Retirement Fund without holding a referendum.

V. ELIMINATION OF GENDER-BASED DISTINCTIONS UNDER THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAM

Part A.—Equalization of Treatment of Men and Women Under the Program

	The social security law contains a number of relatively minor provisions that are different for men and women.
1. Divorced husbands. House bill sec. 401 p. 69	Provides benefits based on a former spouse's social security earnings record for an aged divorced wife and an aged or disabled surviving divorced wife but not for divorced men in like circumstances.
2. Remarriage of surviving spouses before age 60. House bill sec. 402 p. 74	Provides that an aged or disabled widow (or surviving divorced wife) may qualify for widow's benefits if she "is not married" when she applies for benefits. For a widower (or surviving divorced husband), on the other hand, the require-

HOUSE BILL	SENATE BILL
worker's work and earnings in both countries. Each country would exchange information on covered earnings with the other country, make determinations of coverage based on its own social security law, and pay pro rata benefits directly to beneficiaries.	
The Congress would have an opportunity to consider and reject a proposed agreement, as each negotiated agreement must be submitted to the Congress for review and could not become effective before 90 days on each of which at least one House of Congress has been in session following its submission. To reject an agreement would require enactment of legislation to that effect by both Houses of Congress.	Requires that each agreement be transmitted to the Congress with a report on the estimated cost and the number of individuals affected; a totalization agreement could not go into effect until after both Houses had each been in session for 90 days and neither House passed a resolution of disapproval within the 90-day period. The Senate provision also contains a specific prohibition against including in an agreement any provision which would be contrary to the provisions of title II.
The United States has two totalization treaties signed with Italy and West Germany, but such treaties cannot become effective until Congress enacts the general enabling legislation.	
Provides social security coverage for employment prior to 1978 by certain policemen and firemen who are covered by the Illinois Municipal Retirement Fund and for whom social security taxes have been paid.	No provision.
Extends the special provision applying to employees covered under the Wisconsin Retirement Fund to any successor system to the Fund.	No provision.
The House-passed bill includes provisions to eliminate the gender-based distinctions and terminology and provides the same rights for men and women. To accomplish this it has included in its bill the following provisions (Sections 401–410) which would be effective January 1, 1978.	No provision.
Provides such benefits for aged divorced husbands and aged or disabled surviving divorced husbands.	
Permits a widower (or surviving divorced husband) to obtain benefits based on his deceased wife's (or deceased former wife's) social security if he is not married at the time he applies for widower's benefits, as widows now can.	No provision.

ITEM	PRESENT LAW
	ment specifies that he may qualify for widower's benefits if he "has not remarried." As a result of this difference, a widower (or surviving divorced husband) cannot ever become entitled to widower's benefits based on his deceased wife's (or deceased former wife's) earnings if he has remarried before age 60, even if he is not married at the time he applies for benefits.
3. Illegitimate children. **House bill sec. 403 p. 74**	Provides that a man's illegitimate child who cannot inherit from him under applicable State law relative to devolution of intestate personal property may nevertheless be deemed to be his child for purposes of receiving social security benefits under certain conditions. Certain of these provisions may also apply with respect to such a child of a woman, but certain others do not.
4. Transitional insured status. **House bill sec. 404 p. 75**	A 1965 amendment to the social security law made certain people who attained age 72 before 1969 eligible for benefits based on a shorter time in covered employment than would otherwise be required. Benefits were also provided for certain wives and widows who attained age 72 before 1969, but similar benefits were not provided for husbands or widowers.
5. Special age 72 benefits. **House bill sec. 405 p. 76**	Certain people who reach age 72 before 1968 get special monthly cash payments (financed from general revenues) even though they have not worked in jobs covered by social security. The special payments can also be made to people who reach age 72 after 1967 and before 1972 if they have a specified amount of work under social security but not enough to qualify for regular retirement benefits. When both members of a couple are receiving such payments, the husband receives a full benefit (now $78.50) and the wife gets a benefit equal to one-half the husband's benefit (now $39.30).
6. Fathers insurance benefits. **House bill sec. 406 p. 77**	Benefits are provided by the present statute for a woman who has in her care a minor or disabled child (entitled to child's benefits) of her retired, disabled, or deceased husband, or deceased former husband. By virtue of a 1975 Supreme Court decision in *Weinberger* v. *Wiesenfeld*

HOUSE BILL	SENATE BILL
Provides that an illegitimate child's status for purposes of entitlement to child's insurance benefits will be determined with respect to the child's mother in the same way as it is now determined with respect to the child's father. In addition, the bill changes the social security statute with respect to children of disabled workers to conform to a 1974 Supreme Court decision in *Jimenez* v. *Weinberger*. That decision provided that certain illegitimate children could get benefits based on a worker's earnings if the relationship and/or living with or support requirements in the law are met at the time the child applies for benefits instead of before the worker becomes disabled, as the statute provides. The bill makes a similar change with respect to children of retired workers.	No provision.
Provides such benefits for husbands and widowers under the same conditions as for wives and widows.	No provision.
Provides that when both members of a couple are receiving special age-72 payments, the total amount of the payments ($117.80) to the couple would be divided equally between the two.	No provision.
Provides benefits for men who were not covered by the Supreme Court decision—young husbands of retired or disabled workers, and surviving divorced husbands with an entitled minor or disabled child of the retired, disabled, or deceased worker in their care. The bill also changes	No provision.

ITEM	PRESENT LAW
	benefits are also provided for a similarly situated widowed father. (In *Wiesenfeld*, the Court ruled that benefits must be provided for a widower with an entitled child in his care on the same basis as they are provided for a widow with an entitled child in her care.) Also under the law, benefits are not provided for a father who has in his care an entitled child of his retired or disabled wife or deceased former wife.
7. Effect of marriage on childhood disability beneficiary and on dependents and dependent survivors' benefits. **House bill secs. 407, 408 pp. 80–81**	When a childhood disability beneficiary (a retired, disabled, or deceased worker's child who has been disabled since before age 22) marries another person getting dependent's or survivor's benefits, and when a disabled worker marries a childhood disability beneficiary or a mother, surviving divorced mother, or father, neither's benefits are terminated by reason of the marriage. Subsequent treatment of the spouse's benefits if the childhood disability beneficiary or disabled worker beneficiary has medically recovered or engages in substantial work and has his or her disability benefits terminated varies depending on the sex of the disability beneficiary. If the disability beneficiary is a male, the benefits of his spouse end when his benefits end. If, on the other hand, the disability beneficiary is a female, the benefits of her spouse do not end when her benefits end.
8. Treatment of self-employment income in community property state. **House bill sec. 409 p. 82**	Provides that all income from self-employment in a trade or business owned or operated by a married couple in a State in which community property statutes are in effect is deemed to be the husband's for social security purposes unless the wife exercises substantially all the management and control of the business, in which case all the self-employment income is treated as the wife's. In noncommunity property States, self-employment income of married couples is credited to the spouse who owns or is predominantly active in the business.
9. Credit for certain military service. **House bill sec. 410 p. 83**	Generally provides that if a civil service annuity based in part on military service performed before 1957 is payable to an individual, such service may not be used in determining eligibility for or the amount of such individual's social security benefit. An exception applies to a widow (or child), but not a widower, entitled to a civil service survivor's annuity based in whole or in part on pre-1957 military service. The widow (or child), but not a widower, may waive the right to the civil service survivor's annuity and receive credit for pre-1957 military service for purposes of determining eligibility for or the amount of social security survivor's benefits.

HOUSE BILL	SENATE BILL
the statute to reflect the Supreme Court decision in *Weinberger* v. *Wiesenfeld*.	
Provides that the benefits of the spouse of a female disability beneficiary would be terminated if she ceases to be disabled, as is now the case if the disability beneficiary is a male.	No provision.
Permits self-employment income of a married couple in a community property State to be credited for social security purposes to the spouse who exercises more management and control over the trade or business. The provision would be effective with respect to taxable years beginning after 1977. Where the husband and wife exercised the same amount of management and control the self-employment income would be divided equally between both the huband and wife.	No provision.
Provides that a widower, as well as a widow, would be permitted to waive payment of a civil service annuity attributable to credit for military service performed before 1957 in order to have the military service credited toward eligibility for or the amount of a social security benefit.	No provision.

ITEM	PRESENT LAW

Part B.—Effect of Marriage, Remarriage and Divorce on Benefit Eligibility

1. Eliminate marriage or remarriage as factor in eligibility for, or reduction or termination of, benefits. House bill sec. 415 p. 96	Provides in general, that the marriage (or remarriage) of a worker's divorced or surviving spouse, parent, or child prevents or terminates entitlement to benefits based on the worker's social security earnings record. For example, a widow who remarries before 60 cannot get benefits based on her first husband's earnings as long as she is married. If she remarries after age 60, the benefits based on the first husband's social security are reduced or terminated; the widow gets either a benefit equal to a wife's benefit based on her first husband's earnings (which is less than the widow's benefit she was getting) or a wife's benefit based on her current husband's earnings (if he is a beneficiary), whichever is higher. Benefits are not payable to divorced spouses and young surviving spouses who are remarried.
2. Duration of marriage requirement. House bill sec. 416 p. 96	Provides benefits for aged divorced wives and aged surviving divorced wives of retired, disabled, or deceased insured workers, subject to a 20-year duration-of-marriage requirement.

Part C.—Dependents benefits and study of gender-based differences

1. Study of gender-based differences under social security program. House bill sec. 421 p. 98 Senate bill sec. 201 p. 232	No provision.

HOUSE BILL	SENATE BILL
Provides that marriage or remarriage would not bar or terminate entitlement to benefits as a divorced spouse, surviving spouse (including those with an entitled child in their care), parent, or child, and remarriage would not cause any reduction in aged widow's or widower's insurance benefits. Also, the dependent's benefits of a person married to a disabled worker or an adult disabled since childhood would no longer be terminated when the disability ends. The amendments made by the bill would apply with respect to benefits for months after December 1978. People whose dependents benefits were terminated because of marriage or remarriage (or because of the recovery of a previously disabled spouse) prior to January 1979 may again become entitled to such benefits thereafter upon application for reentitlement.	No provision.
Reduces from 20 years to 5 years the length of time a person must have been married to a worker in order for benefits to be payable to an aged divorced spouse or surviving divorced spouse. Effective with respect to benefits for months after December 1978.	No provision.
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 shall 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. The study shall include appropriate cost analyses. A full and complete report shall be submitted by the Secretary to the Congress within 6 months after enactment of the bill.	Similar provision.

ITEM	PRESENT LAW
2. Reduced benefits for spouses receiving Government pension. **Senate bill** **sec. 124** **p. 188**	A woman can become entitled to spouse's or surviving spouse's benefits without proving dependency on her husband. As a result of a March 1977 Supreme Court decision, a man can also become entitled to spouse's or surviving spouse's benefits without proving his dependency on his wife.

VI. CHANGES IN EARNINGS TEST UNDER THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAM

A. Liberalization of earnings test.

House bill
sec. 501
p. 99

Senate bill
secs. 121-122
pp. 182-185

Provides that benefits will be withheld from a beneficiary under age 72 (and from any dependent drawing on his record) at the rate of $1 in benefits for each $2 of annual earnings in excess of $3,000 in 1977.

Under automatic provisions, in the year after an automatic benefit increase becomes effective the amount of earnings exempted from the withholding of benefits under the retirement test automatically increases in proportion to the increase in average wages in covered employment.

The following are estimated automatic increases in the annual exempt amount under the retirement test as reported in the 1977 Report of the Board of Trustees:

Year:	*Annual exempt amount under retirement test*
1978	$3,240
1979	3,480
1980	3,720
1981	3,960
1982	4,200

B. Liberalization of foreign work test.

House bill
sec. 503
p. 104

A separate retirement test applies to employment or self-employment outside the United States which is not covered by the U.S. social security system. A monthly benefit is withheld when a beneficiary under age 72 works on any part of 7 or more days within a month. This test is based solely on the number of days the beneficiary works and not on the amount of earnings.

HOUSE BILL	SENATE BILL
No provision.	Provides that social security benefits payable to spouses and surviving spouses be reduced by the amount of any public (Federal, State, or local) retirement benefit payable to the spouse. The offset would apply only to pension payments based on the spouse's own work in public employment which is not covered under social security. The reduction would apply to individuals who become entitled to spouse's benefits or to surviving spouse's benefits on the basis of applications filed in and after the month of enactment. (Also eliminates dependency requirements for husband's and widower's benefits from the social security statute.)
Increases the earnings limitations for beneficiaries age 65–72 to the following amounts for 1978–81, and totally eliminates it in 1982 for beneficiaries aged 65–72:	Increases the annual exempt amount to $4,500 for 1978 and to $6,000 for 1979 for all beneficiaries (under age 65 as well as over age 65) with automatic increases thereafter, as under present law.

Retirement test annual exempt amount for persons aged 65 and over

Calendar year:	Amount
1977	$3,000
1978	4,000
1979	4,500
1980	5,000
1981	5,500
1982	No limit

Retirement test annual exempt amount for all beneficiaries

Calendar year:	Amount
1977	$3,000
1978	4,500
1979	6,000
1980	[1] 6,480
1981	[1] 6,960
1982	[1] 7,440

[1] Estimated amounts under automatic provision.

HOUSE BILL	SENATE BILL
The retirement test figure of present law, which is to rise to $3,240 in 1978, would continue to apply to beneficiaries under age 65. (Ketchum amendment adopted by a vote of 268 to 149)	Reduces the age at which a beneficiary is no longer subject to the retirement test from age 72 to 70, beginning in 1982. (Church substitute amendment adopted by a vote of 59 to 28.)
Provides that benefits would not be payable for any month in which a beneficiary worked in 9 or more calendar days in 1978 and in 12 or more calendar days in 1979 and subsequent years.	No provision.

ITEM	PRESENT LAW

VII. COMBINED SOCIAL SECURITY AND INCOME TAX ANNUAL REPORTING

ITEM	PRESENT LAW
A. Annual crediting of quarters of coverage. **House bill** **sec. 601** **p. 105**	Employers report wages for social security purposes on a quarterly basis. As a result of Public Law 94-202, beginning in 1978, private employers will report annually; however, quarterly wage information will need to be listed on the annual reports because provisions of the law which require the use of quarterly wage data for some purposes were not changed. Forms W-2 will be used as the annual reports of wages for both social security and income tax purposes, and they will include either the amount of wages paid the worker in each quarter or a checkoff of the calendar quarters in which the worker was paid at least $50 (the measure of a quarter of coverage). (State and local employers continue to report on a quarterly basis.) This information would allow SSA to determine whether a worker has enough quarters of coverage to be eligible for benefits.
B. Amount required for quarter of coverage. **House bill** **sec. 602** **p. 112**	"Quarter of coverage" is defined as a calendar quarter in which worker received at least $50 in wages.

VIII. MISCELLANEOUS PROVISIONS

ITEM	PRESENT LAW
1. National Commission on Social Security—Advisory Council on Social Security. **House bill** **sec. 801** **p. 130** **Senate bill** **sec. 203** **p. 234**	Requires that after January of each Presidential inauguaration year the Secretary shall appoint an Advisory Council on Social Security consisting of a Chairman and 12 other members who are representatives of organizations of employees and employers, the self-employed, and the general public. The Council is required to review the status of the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund in relation to the long-term commitments of the old-age, survivors, and disability insurance program and the programs under parts A and B of title XVIII, and of reviewing the scope of coverage and the adequacy of benefits under, and all other aspects of, these programs, including their impact on the public assistance programs under the Act. The Council is also required to submit reports of its findings and recommendations to the Secretary not later than January 1 of the

HOUSE BILL	SENATE BILL
Changes the provisions of the Social Security Act that require the use of quarterly wage data so that only annual data would be needed—employers would no longer have to check off quarters of coverage or report quarterly wages on the forms W-2. Excludes from the definition of wages certain employment wherein the remuneration is less than $100 in a calendar year. State and local employers will continue to report on a quarterly basis but wages will be converted to annual figures. The most significant program change relates to how annual wages would be credited in terms of quarters of coverage. Effective date, January 1, 1978.	No provision
Changes "quarter of coverage" definition so that after 1977 all workers would receive a quarter of coverage for each $250 of wages paid in a year (to a maximum of four quarters of coverage in a year). The amounts measuring a quarter of coverage would increase automatically each year as wages increase.	No provision.
Establishes a National Commission on Social Security independent from the executive branch composed of nine members—five appointed by the President, two by the Speaker, and two by the President pro tem of the Senate. The Commission would be required to submit interim reports and to issue a final report two years after its appointment. (1) It shall be the duty and function of the Commission to conduct a continuing study, investigation, and review of— (A) the Federal old-age, survivors, and disability insurance program established by title II of the Social Security Act; and (B) the health insurance programs established by title XVIII of such Act. (2) Such sudy, investigation, and review of such programs shall include (but not be limited to)— (A) the fiscal status of the trust funds established for the financing of such programs and the adequacy of such trust funds	The Senate amendment includes no provision comparable to the House bill relating to a National Commission. Under the Senate bill, the advisory council to be appointed this year would have an additional 9 months in which to make its report. The report would be due October 1, 1979, rather than January 1, 1979.

ITEM	PRESENT LAW
	second year after the year in which it is required to be appointed. Such reports are to be transmitted to the Congress and the Board of Trustees.
2. Elimination of certain optional payment procedures under social security. **House bill** **sec. 702** **p. 126** **Senate bill** **sec. 126** **p. 196**	Persons applying for benefits are permitted, if they meet all conditions of entitlement, to get benefits for up to 12 months prior to the month in which they filed an application.

HOUSE BILL	SENATE BILL
to meet the immediate and long-range financing needs of such programs; (B) the scope of coverage, the adequacy of benefits including the measurement of an adequate retirement income, and the conditions of qualification for benefits provided by such programs including the application of the retirement income test to unearned as well as earned income; (C) the impact of such programs on, and their relation to, public assistance programs, other governmental retirement and annuity programs, medical service delivery systems, and national employment practices; (D) any inequities (whether attributable to provisions of law relating to the establishment and operation of such programs, to rules and regulations promulgated in connection with the adminisration of such programs, or to administrative practices and procedures employed in the carrying out of such programs) which affect substantial numbers of individuals who are insured or otherwise eligible for benefits under such programs, including inequities and inequalities arising out of marital status, sex, or similar classifications or categories; and (E) possible alternatives to the current Federal programs or particular aspects thereof, including but not limited to (i) a phasing out of the payroll tax with the financing of such programs being accomplished in some other manner (including general revenue funding and the retirement bond), (ii) the establishment of a system providing for mandatory participation in any or all of the Federal programs, (iii) the integration of such current Federal programs with private retirement programs, and (iv) the establishment of a system permitting covered individuals a choice of public or private programs or both.	
Provides that benefits not be paid retroactively for months before an application is filed when this payment results in a permanent reduction of future monthly benefits. Effective January 1, 1978.	Identical to House provision, except effective upon enactment.

ITEM	PRESENT LAW
3. Early payment of social security and SSI benefit checks in certain situations. **House bill** **sec. 703** **p. 129** **Senate bill** **sec. 127** **p. 198**	Social security benefit payments for a particular month are payable after the end of that month, and payment is normally made on the third day of the month; SSI benefit checks for a particular month are delivered on the first day of that month.
4. Taxation of corporations. **Senate bill** **sec. 125** **p. 195**	When an individual is concurrently employed by a group of corporations and works for more than one of the corporations, each corporation is treated as an individual employer for employer tax purposes. As a result, the group of corporations may be required to pay employment taxes on an individual's wages in excess of the maximum amount otherwise taxable.
5. Nonprofit organizations which failed to file waiver certificates. **Senate bill** **sec. 130** **p. 209**	Nonprofit organizations that have been paying social security taxes without having filed a valid waiver certificate to cover employees under the social security system are deemed to have filed such a waiver in those instances where no refund was obtained before September 9, 1976, and also in instances when organizations which received a refund before September 9, 1976, did not file a waiver within 180 days after October 4, 1976 (date of enactment of Public Law 94-563).

HOUSE BILL	SENATE BILL
Requires that, when the delivery date for either payment falls on a Saturday, Sunday, or legal public holiday, the checks would be delivered on an earlier date. Any overpayment that occurs as a direct result of the earlier delivery of checks would be waived and would not be subject to the recovery.	Similar provision, except there is no waiver of recovery of overpayments that occur as a result of earlier delivery of checks.
No provision.	A group of corporations concurrently employing an individual would be considered as a single employer if one of the group serves as a common paymaster for the entire group. This would result in such corporations having to pay no more in social security and unemployment taxes than a single employer pays. The provision is effective January 1, 1979.
No provision in H.R. 9346; H.R. 8490 as reported by Ways and Means Committee would forgive unpaid social security taxes for certain organizations that stopped paying taxes prior to October 1979 without receiving a refund and were deemed to have filed a certificate under P.L. 94-563; would permit employees of those organizations to individually elect retroactive coverage providing the taxes were paid; and would extend from April 19, 1977, to December 31, 1977, the date by which organizations that received a tax refund may file a waiver certificate.	Similar to H.R. 8490 except would permit a refund of back taxes to certain organization that had stopped paying the taxes before October 1, 1976, but paid the back taxes after enactment of P.L. 94-563. Senator Ribicoff's floor amendment provides that certain nonprofit organizations that had obtained refunds for the quarter ending prior to July 1, 1973 would be entitled to file actual waiver certificates as are organizations that received refunds for any period after June 30, 1973 and before September 9, 1976. Senator Dole's and Senator Sarbanes' floor amendment provides that those calendar quarters in which organizations were required to pay social security taxes pending determination of their application for section 501(c)(3) tax exempt status shall not be considered calendar quarters in which taxes were paid without having filed a waiver certificate for the purpose of deeming them to have filed a constructive waiver certificate under Public Law 94-563. (This exclusion generally applies through the quarter ending after the twelfth month following mailing of the ruling. Organizations ruled exempt after December 31, 1975 qualify for the exclusion through the quarter in which such ruling was issued.)

ITEM	PRESENT LAW
6. Benefits for blind persons. **Senate bill** **sec. 131** **p. 218**	To qualify for disability benefits, a legally blind person must be fully insured. If he is under age 55, he gets a 9-month trial period to test his capacity to work; if he engages in SGA after the trial work period, his benefits are terminated. If he is aged 55 or older, his benefits are suspended for each month in which he engages in SGA. The amount of benefits is computed the same as for nonblind disabled beneficiaries.
7. Administrative law judges. **Senate bill** **sec. 202** **p. 233**	Public Law 94-202 established temporary hearing officer positions (ALJ's) to hear cases under titles II, XVI, and XVIII of the Social Security Act pursuant to the Administrative Procedure Act. The authority for the positions would expire on December 31, 1978.
8. Study of CPI for the elderly. **Senate bill** **sec. 201** **p. 232**	No provision.
9. Elimination of workmen's compensation offset. **Senate bill** **sec. 132**	An individual who is under age 62 and who receives both social security and workmen's compensation benefits at the same time may have his social security reduced. No reduction is made if the State workmen's compensation program provides for any reduction in the workmen's compensation benefit because of the payment of social security. However, if the workmen's compensation benefits are not reduced, then social security benefits are reduced by whatever amount is necessary to assure that the individual's total income from both social security and workmen's compensation is not higher than 80% of his "average current earnings". "Average current earnings" are defined as the highest of the average monthly wage on which the benefit is based, the average monthly wage during the individual's highest five consecutive years of earnings, or the average wage the individual had in the one year of highest earnings during the five years before he became disabled. Where an individual receives a lump sum settlement under workmen's compensation rather than monthly payments. The Department prorates the lump sum settlement over a period of time and applies the monthly reduction in social security payments as though the lump sum settlement had been paid monthly.

HOUSE BILL	SENATE BILL
No provision.	A legally blind worker would: (1) need only 6 quarters of coverage; (2) be considered disabled, regardless of earnings and capacity to work; (3) have benefits computed and recomputed in a special, advantageous method; (4) not be subject to the retirement test at age 65; and (5) not be required to undergo vocational rehabilitation services. (Bayh floor amendment adopted by a voice vote.)
No provision, but identical bill (H.R. 5723) reported by Ways and Means Committee.	Converts appointments to permanent ALJ status under the Administrative Procedure Act.
No provision.	Senate bill requires the Secretary of Labor, in consultation with the Secretary of Health, Education, and Welfare, to study the need to develop a special consumer price index for the elderly, and to report to Congress within 6 months of enactment.
No provision.	Senate amendment repeals the provision of existing law which provides for a reduction in social security benefits for persons simultaneously entitled to workmen's compensation payments (Wallop amendment adopted by a voice vote).

ITEM	PRESENT LAW
	No reduction is made after the individual becomes age 62 and no reduction is made in the amount of any increases in social security benefits which become payable after the individual goes on the rolls. The reduction is recomputed every three years to give the individual the benefit of increases which he might have had in "average current earnings" had he not become disabled.
10. Reimbursement under medicare for certain wheelchairs. Senate bill sec. 306 p. 249	Among the items which are specified in the statute as allowable for medicare reimbursement are "wheel chairs used in the patient's home". The Department of Health, Education, and Welfare has interpreted this statute to preclude coverage for a type of wheelchair known as the "AMIGO" wheelchair which is self-propelled on the basis that it can be used outside the home as well as in the home.

IX. PROVISIONS RELATING TO PUBLIC ASSISTANCE PROGRAMS

ITEM	PRESENT LAW
1. Fiscal relief for State and local welfare costs. Senate bill sec. 301 p. 236	No provision.
2. Incentives for lowering AFDC error rates. Senate bill sec. 302 p. 238	Under its general regulatory authority, the Department of Health, Education, and Welfare requires the States in administering their programs of aid to families with dependent children to conduct quality review samplings which provide statistical data concerning the percentage of erroneous payments. Attempts by the Department to use this quality control system as a basis for reducing Federal matching to States with excessively high error rates have thus far been successfully blocked in the courts and have consequently been withdrawn by the Department.

HOUSE BILL	SENATE BILL
No provision.	The Senate amendment would expand the definition of allowable expenses to include devices serving the same or similar purposes as wheelchairs in order to assure coverage of the "AMIGO" wheelchair (Griffin amendment adopted by a voice vote).
No provision.	The Senate amendment would provide for a one-time payment as soon as possible after enactment to the States of $374 million as fiscal relief for State and local welfare costs. The amount payable to each State would have to be passed through to local jurisdictions which participate in the cost of the AFDC program except that no political subdivision could receive more than 90% of its share of program costs. The amount allocated to each State out of the $374 million total would be computed under a two-part formula. Half of the total would be allocated among the States in proportion to each State's share of AFDC expenditures for December, 1976. The other half of the $374 million total would be allocated among the States in the same relative proportion as the most recent general revenue sharing allocations.
No provision.	The Senate amendment would establish a system of fiscal incentives for States which have low error rates as measured by the quality control findings. Under the amendment States which have dollar error rates of, or reduce their dollar error rates to, less than 4 percent but not more 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 at a 4-percent payment error rate. This percentage would increase proportionately as shown in the following table:

ITEM	PRESENT LAW
3. Access by AFDC agencies to wage records. Senate bill sec. 303 p. 240	Present law contains no specific statutory provision either allowing or requiring State AFDC agencies to verify the amount of earnings reported (or not reported) by AFDC recipients through cross-checking the wage records of State unemployment compensation agencies or the Social Security Administration.
4. State welfare demonstration projects. Senate bill sec. 304 p. 243	Section 1115 of the Social Security Act allows the Secretary of Health, Education, and Welfare to waive any of the State plan requirements of the Federal AFDC statute for the sake of experimental pilot or demonstration projects which in the Secretary's judgment are likely to assist in promoting the objectives of the program. Waivers requested by the States under this authority become effective only when specifically approved by the Secretary.

HOUSE BILL	SENATE BILL

If the error rate is:	Federal savings[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.

House bill: No provision.

Senate bill: The Senate amendment would specifically authorize 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.

House bill: No provision.

Senate bill: The Senate amendment 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 forty-five 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 forty-five days after submitting them to the Secretary if no decision had been reached by HEW within that period. Once implemented, demonstration projects could continue for two years or until such time as the Secretary took action to disapprove the waiver.

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 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

ITEM	PRESENT LAW
5. AFDC earned income disregard. **Senate bill** **sec. 305** **p. 247**	Under present law States are required, in determining need for Aid to Families with Dependent Children, to disregard: 1. All earned income of a child who is a full-time student, or a part-time student who is not a full-time employee; and 2. The first $30 earned monthly by an adult plus one-third of additional earnings. Costs related to work (such as transportation costs, uniforms, union dues, child care and other items) are also deducted from earnings in calculating the amount of welfare benefit. The $30 plus one-third disregard is based on total earnings and not on earnings net of work expense deductions.
6. Federal liability for Federally-caused errors in State SSI supplementation (1974). **Senate bill** **sec. 501** **p. 256**	Where States provide additional benefits to aged, blind and disabled people over and above the Federally administered SSI payments under title XVI of the Social Security Act, there is authority in existing law for States to either administer those payments themselves or to enter into agreements with the Department under which the State supplemental benefits are paid by the Social Security Administration with that agency being reimbursed by the State for the cost of those payments. Where State supplemental payments have been Federally administered, the Department has negotiated with the States a partial Federal assumption of liability for the cost of payments which were made incorrectly. Where States have adminstered their own benefits, however, the Department has not assumed any Federal liability for erroneous payments. No statutory provisions exist concerning Federal liability for incorrect State supplementation payments under either mode of administration.

HOUSE BILL	SENATE BILL
	the disregard of certain amounts of earned income. (Not more than half of all income 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.
No provision.	The Senate amendment would require States to disregard the first $60 earned monthly by an individual working full-time ($30 in the case of an individual working part time--work under 40 hours weekly would be considered part-time unless it involved 35 hours per week and weekly wages of at least $92.) There would be no deduction for individual itemized work expenses except that reasonable child care expenses, subject to limitations prescribed by the Secretary would also be disregarded. The remaining earnings (net of the basic $60 or $30 disregard and child care expenses) would be disregarded according to the following formula: 1/3 of up to $300 of additional earnings would be disregarded and 1/5 of earnings above that.
No provision.	The Senate amendment would authorize and direct the Secretary of Health, Education, and Welfare to reimburse the States for erroneous State supplemental payments administered by them and paid during 1974 to the extent that an HEW audit determines is appropriate on the basis that the incorrect payments resulted from erroneous or incomplete information furnished to the States by the Department or from States' reliance on incorrect payments made by the Department. (Allen amendment adopted by a voice vote.)

ITEM	PRESENT LAW

X. NON-SOCIAL SECURITY ACT PROVISIONS

1. Prohibition against reducing veteran's pensions because of social security increases. Senate bill sec. 204 p. 234	Benefits for veterans who are disabled from a non-service connected disability (including veterans who are age 65 and over) are payable on a needs-test basis in which the amount payable is reduced to take into account the other income which the veteran has. A similar needs test applies in the case of benefits for the widows of veterans who die from non-service connected causes and also in the case of compensation payable to the dependent parents of veterans who die from service connected causes. In computing the amount payable under each of these programs, 10% of the value of social security benefits is excluded. Otherwise, however, the social security benefit is counted like any other income and serves to reduce the pension. When social security benefits are raised, the amount of pension payable is accordingly reduced (however, this effect is offset to some extent by periodic *ad hoc* increases in the rates of pension payable to veterans).
2. Tax credit for higher education expenses. Senate bill sec. 401 p. 250	Individuals are allowed a deduction in computing their income tax liability for education expenses only to the extent that they represent ordinary and necessary business expenses.
3. Treatment of honoraria under Federal Election Act. Senate bill sec. 307 p. 249	Under the Federal Election Campaign Act (2 USC 441i), a Federal officer or employee cannot accept any honorarium of more than $2,000 or honoraria aggregating more than $25,000 in any calendar year.

HOUSE BILL	SENATE BILL
No provision.	The Senate amendment provides that the amount of any social security benefit resulting from a cost of living increase will not be used to reduce Veterans Administration payments of these types. The amendment would apply to social security increases taking place after September 1, 1978. (McIntyre floor amendment agreed to by a voice vote—tabling motion failed 20 to 68).
No provision.	The Senate amendment modifies the Internal Revenue Code to provide an income tax credit for educational expenses (tuition, fees, books, and equipment, but not meals, lodging, or other living expenses) paid to an institution of higher education or a vocational school. The amount of the credit is limited each year to $250 per student. For 1978 only, it would be refundable. The student must be a full-time student working towards a baccalaureate degree or certificate of required course work. Expenses eligible for the credit are reduced by scholarship or fellowship grants, educational assistance allowances, and education and training allowances. (Roth amendment adopted by a vote of 61 to 11.)
No provision.	The Senate amendment makes clear that a contribution to a charitable organization selected by the payor from a list of 5 or more organizations named by the government officer or employee shall not be treated as an honorarium. Also, amounts returned to a payor before the end of the calendar year shall not be treated as honoraria. The amendment also provides that honoraria are to be treated as accepted in the year of receipt. The amendment is effective with respect to honoraria received after December 31, 1976. (Dole amendment adopted by a voice vote.)

XI. TABLES

HOUSE BILL

A. SHORT TERM ESTIMATES PREPARED BY THE SOCIAL SECURITY ADMINISTRATION ACTUARY

OASDI Program as Modified by H.R. 9346 as Passed by the House of Representatives

TABLE II-1.—ESTIMATED EFFECTS OF THE HOUSE BILL ON THE NET INCREASE IN THE OASI AND DI TRUST FUNDS, COMBINED, IN EACH CALENDAR YEAR 1978-83, BY PROVISION

[In millions]

	Effective date	1978	1979	1980	1981	1982	1983
Total additional amount of benefit payments		−$371	$682	$545	$64	$2,313	$1,818
Reduction in other outgo [1]			16	54	76	138	210
Net amount of additional outgo		−371	666	491	−12	2,175	1,608
Decoupling	Jan. 1979		−70	−351	−803	−1,473	−2,392
Elimination of marriage or remarriage as a bar to entitlement to benefits	Jan. 1979		1,135	1,355	1,454	1,551	1,654
Reduction in duration of marriage required for divorced spouses benefits from 20 to 5 years	Jan. 1979		137	164	177	190	204
Changes in the retirement test—Total	Jan. 1978	54	266	359	404	3,299	3,657
Elimination of the monthly measure	Jan. 1978	−224	−276	−297	−313	−326	−337
Gradual increases in the exempt amount for beneficiaries age 65 and over	Jan. 1978	278	542	656	717	753	791
Reduction in age at which test ceases to apply from age 72 to age 65	Jan. 1982					2,872	3,203
Subtotal—cost provisions		278	542	656	717	3,625	3,994
Elimination of retroactive payments of actuarially reduced benefits	Jan. 1978	−339	−536	−550	−559	−565	−569
Limitation on increases in actuarially reduced benefits	Jan. 1978	−90	−280	−500	−751	−948	−1,157
Increase in special minimum benefits	Jan. 1979		12	14	14	15	16
Changes in annual wage reporting provisions	Jan. 1978	(2)	1	4	9	18	26
Elimination of gender-based distinctions from the law	Jan. 1978	4	5	6	7	8	8
Increases in contribution and benefit base	Jan. 1978	(2)	12	44	112	218	371
Additional tax contribution income resulting from financing changes	Jan. 1978	3,999	6,673	8,566	15,284	19,900	21,474
Additional interest income		114	478	1,007	1,885	3,075	4,652
Total additional income		4,113	7,151	9,573	17,169	22,975	26,126
Net effect on increase in trust funds		4,484	6,485	9,082	17,181	20,800	24,518

[1] Transfers to the railroad retirement account under the financial interchange provisions are lower under the House bill than under present law because of the financing changes in the bill.

[2] Less than $500,000.

SENATE BILL

A. SHORT TERM ESTIMATES PREPARED BY THE SOCIAL SECURITY ADMINISTRATION ACTUARY

OASDI Program as Modified by H.R. 9346 as Passed by the Senate

TABLE S-1.—ESTIMATED EFFECTS OF THE SENATE BILL ON THE NET INCREASE IN THE OASI AND DI TRUST FUNDS, COMBINED, IN EACH CALENDAR YEAR 1978-83, BY PROVISION

[In millions]

	1978	1979	1980	1981	1982	1983
Total amount of additional benefit payments	$463	$1,503	$1,438	$909	$630	−$273
Reduction in other outgo [1]		16	28	151	217	274
Net amount of additional outgo	463	1,487	1,410	758	413	−547
Decoupling		−31	−196	−486	−947	−1,609
Changes in eligibility requirements and in benefit Computation provisions for blind workers	410	720	824	929	1,033	1,137
Elimination of workmen's compensation offset provision	172	202	226	254	282	312
Changes in retirement test—net total	582	1,786	2,170	2,271	2,744	2,835
Elimination of monthly measure	−224	−276	−297	−313	−326	−337
Increases in exempt amounts for all beneficiaries	806	2,062	2,467	2,584	2,719	2,785
Reduction in exempt age from 72 to 70					351	387
Subtotal—cost provisions	806	2,062	2,467	2,584	3,070	3,172
Elimination of retroactive payments of actuarially reduced benefits	−424	−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 worker's delayed retirement credits	3	4	5	7	10	13
Offset to benefits of spouses receiving public retirement pensions [2]	−190	−362	−545	−767	−1,008	−1,289
Increases in contribution and benefit base		([4])	4	11	29	54
Additional tax contribution income resulting from financing changes [3]	1,630	8,209	9,767	16,822	19,900	21,375
Additional interest income	42	215	800	1,720	2,994	4,699
Total amount of additional income	1,672	8,424	10,567	18,542	22,894	26,074
Net effect on increase in trust funds	1,209	6,937	9,157	17,784	22,481	26,621

[1] Transfers to the railroad retirement account under the financial interchange provisions are lower under the Senate bill than under present law because of the financing changes in the bill.

[2] The Senate Finance Committee adopted the administration's estimate of the benefit reduction that would result from the administration proposal regarding benefits for dependent spouses as the estimated reduction that would result from the related committee amendment offsetting Government retirement pensions against spouses benefits. The Office of the Actuary estimates reductions of $135 million in 1978, $235 million in 1979, $324 million in 1980, $434 million in 1981, $554 million in 1982, and $692 million in 1983.

[3] Includes reimbursements from the general fund for reduction in employer payments by State and local governments and in employer tax contributions from nonprofit organizations. Such reimbursements are assumed to be made concurrently with the loss of such payments and tax contributions.

[4] Less than $500,000.

TABLE H-2.—ADDITIONAL CONTRIBUTION INCOME RESULTING FROM H.R. 9346 AS PASSED BY THE HOUSE OF REPRESENTATIVES BY PROVISION, 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	$2.3	$1.7			$4.0
1979	4.6	2.0			6.7
1980	6.3	2.3			8.6
1981	8.0	1.3	$0.1	$5.8	15.3
1982	8.8	1.3	.4	9.3	19.9
1983	9.4	1.4	.4	10.2	21.5
HI:					
1978	.5	−1.7			−1.2
1979	1.0	−2.0			−1.0
1980	1.4	−2.3			−.9
1981	2.1	−1.3			.8
1982	2.3	−1.3			1.0
1983	2.5	−1.4			1.1
OASDHI:					
1978	2.8				2.8
1979	5.6				5.7
1980	7.6				7.7
1981	10.1		.1	5.8	16.1
1982	11.2		.4	9.3	20.9
1983	11.9		.4	10.2	22.6

[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.

TABLE H-3.—ESTIMATED OPERATIONS OF THE OLD-AGE AND SURVIVORS INSURANCE TRUST FUND UNDER THE PROGRAM AS MODIFIED BY THE HOUSE BILL, CALENDAR YEARS 1977-87

[Amounts in billions]

Calendar year	Income	Outgo	Net increase in fund	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	$72.5	$75.6	−$3.1	$32.3	47	43
1978	80.6	83.6	−3.0	29.3	39	35
1979	90.8	92.7	−1.9	27.4	32	30
1980	100.8	101.3	−.4	26.9	27	27
1981	114.1	109.9	4.1	31.1	25	28
1982	125.9	121.4	4.5	35.6	26	29
1983	135.1	130.7	4.4	40.0	27	31
1984	144.4	140.5	3.9	43.9	28	31
1985	160.3	151.1	9.2	53.2	29	35
1986	171.9	162.2	9.7	62.9	33	39
1987	183.7	174.0	9.7	72.6	36	42

See note at end of table H-6.

SENATE BILL

TABLE S-2.—ADDITIONAL CONTRIBUTION INCOME RESULTING FROM H.R. 9346 AS PASSED BY THE SENATE, BY PROVISION, CALENDAR YEARS 1978-83

[In billions]

Calendar year	Increase in base for employers	Increase in base for employees and self-employed	Reallocation of tax rates between OASDI and HI	Increase in OASDI self-employment tax rates to 1½ times employer rate	Increase in employer tax rates	Increase in employee tax rates	Increase in self-employment tax rates	Total increase in tax rates	Total
OASDI:									
1978			$1.6						$1.6
1979	$5.1	$0.4	1.1		$0.9	$0.8		$1.6	8.2
1980	6.2	.5	1.1		1.0	.9		1.9	9.8
1981	6.5	.9	2.4	$0.1	3.6	3.3	$0.1	7.0	16.8
1982	6.6	1.0	2.6	.4	4.7	4.3	.3	9.3	19.9
1983	6.7	1.3	2.8	.4	5.0	4.6	.4	10.0	21.4
HI:									
1978			−1.6						−1.6
1979	1.1	.1	−1.1						.1
1980	1.4	.1	−1.1						.4
1981	1.7	.2	−2.4						−.4
1982	1.8	.3	−2.6						−.6
1983	1.8	.4	−2.8						−.6
OASDHI:									
1978									
1979	6.3	.5						1.6	8.3
1980	7.6	.6						1.9	10.1
1981	8.2	1.1		.1				7.0	16.4
1982	8.4	1.3		.4				9.3	19.3
1983	8.6	1.7		.4				10.0	20.7

TABLE S-3.—ESTIMATED OPERATIONS OF THE OLD-AGE AND SURVIVORS INSURANCE TRUST FUND UNDER THE PROGRAM AS MODIFIED BY THE SENATE BILL, CALENDAR YEARS 1977-87

[Amounts in billions]

Calendar year	Income	Outgo	Net increase in fund	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	$72.5	$75.6	−$3.1	$32.3	47	43
1978	78.5	83.8	−5.3	27.0	39	32
1979	92.1	92.5	−.4	26.6	29	29
1980	102.0	101.0	.9	27.5	26	27
1981	115.2	109.3	5.9	33.4	25	31
1982	125.7	118.1	7.6	41.0	28	35
1983	135.0	126.8	8.2	49.3	32	39
1984	144.4	136.3	8.1	57.3	36	42
1985	161.0	146.5	14.5	71.8	39	49
1986	173.1	157.3	15.8	87.6	46	56
1987	185.0	168.7	16.2	103.8	52	62

See note at end of table S-6.

HOUSE BILL

TABLE H-4.—ESTIMATED OPERATIONS OF THE DISABILITY INSURANCE TRUST FUND UNDER THE PROGRAM AS MODIFIED BY THE HOUSE BILL, CALENDAR YEARS 1977-87

[Amounts in billions]

Calendar year	Income	Outgo	Net increase in fund	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	$9.6	$12.0	−$2.4	$3.3	48	27
1978	14.2	13.7	.5	3.8	24	28
1979	15.9	15.3	.6	4.4	25	29
1980	17.6	17.1	.5	4.9	26	28
1981	20.5	19.0	1.5	6.4	26	34
1982	22.3	20.9	1.4	7.8	31	37
1983	23.9	23.0	.9	8.8	34	38
1984	25.5	25.2	.3	9.1	35	36
1985	30.3	27.7	2.6	11.7	33	42
1986	32.8	30.3	2.4	14.1	38	46
1987	35.0	33.2	1.8	15.9	43	48

See note at end of table H-6.

TABLE H-5.—ESTIMATED OPERATIONS OF THE OASI AND DI TRUST FUNDS, COMBINED, UNDER PRESENT LAW AND UNDER THE SYSTEM AS MODIFIED BY THE HOUSE BILL, CALENDAR YEARS 1977-87

[Amounts in billions]

Calendar year	Income	Outgo	Net increase in funds	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	$82.1	$87.6	−$5.5	$35.6	47	41
1978	94.8	97.3	−2.5	33.1	37	34
1979	106.7	108.0	−1.3	31.8	31	29
1980	118.5	118.4	(1)	31.8	27	27
1981	134.6	128.9	5.7	37.5	25	29
1982	148.2	142.3	5.9	43.4	26	31
1983	159.0	153.6	5.4	48.8	28	32
1984	170.0	165.8	4.2	53.0	29	32
1985	190.6	178.8	11.8	64.8	30	36
1986	204.7	192.5	12.2	77.0	34	40
1987	218.7	207.1	11.5	88.5	37	43

[1] Income exceeds outgo by less than $50 million.

See note at end of table H-6.

SENATE BILL

TABLE S-4.—ESTIMATED OPERATIONS OF THE DISABILITY INSURANCE TRUST FUND UNDER THE PROGRAM AS MODIFIED BY THE SENATE BILL, CALENDAR YEARS 1977-87

[Amounts in billions]

Calendar year	Income	Outgo	Net increase in fund	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	$9.6	$12.0	−$2.4	$3.3	48	27
1978	13.8	14.3	−.5	2.8	23	20
1979	15.9	16.3	−.4	2.4	17	15
1980	17.5	18.3	−.8	1.6	13	9
1981	20.7	20.3	.4	1.9	8	9
1982	22.4	22.4	[1]	1.9	9	8
1983	23.9	24.7	−.8	1.1	8	5
1984	25.4	27.2	−1.7	−.6	4	[2]
1985	31.1	29.8	1.3	.7	[2]	2
1986	33.7	32.6	1.0	1.8	2	5
1987	35.9	35.7	.2	2.0	5	6

[1] Outgo exceeds income by less than $50 million.
[2] Fund exhausted at end of 1984.

See note at end of table S-6.

TABLE S-5.—ESTIMATED OPERATIONS OF THE OASI AND DI TRUST FUNDS, COMBINED, UNDER THE PROGRAM AS MODIFIED BY THE SENATE BILL, CALENDAR YEARS 1977-87

[Amounts in billions]

Calendar year	Income	Outgo	Net increase in funds	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	$82.1	$87.6	−$5.5	$35.6	47	41
1978	92.3	98.1	−5.8	29.8	36	30
1979	108.0	108.8	−.9	29.0	27	27
1980	119.5	119.3	.1	29.1	24	24
1981	135.9	129.7	6.3	35.3	22	27
1982	148.1	140.5	7.6	42.9	25	31
1983	159.0	151.5	7.5	50.4	28	33
1984	169.8	163.5	6.3	56.7	31	35
1985	192.1	176.3	15.8	72.6	32	41
1986	206.7	189.9	16.8	89.4	38	47
1987	220.8	204.4	16.5	105.8	44	52

See note at end of table S-6.

HOUSE BILL

TABLE II-6.—ESTIMATED OPERATIONS OF THE HOSPITAL INSURANCE TRUST FUND UNDER THE PROGRAM AS MODIFIED BY THE HOUSE BILL, CALENDAR YEARS 1977-87

[Amounts in billions]

Calendar year	Income	Outgo	Net increase in fund	Fund at end of year	Fund at beginning of year as a percentage of outgo during year
1977	$16.1	$16.2	−$0.1	$10.5	66
1978	19.7	19.1	.5	11.0	55
1979	22.3	22.3	−.1	11.0	49
1980	24.5	25.9	−1.4	9.6	42
1981	33.8	29.8	3.9	13.5	32
1982	37.0	34.1	2.9	16.4	40
1983	39.5	38.7	.8	17.2	42
1984	42.0	43.9	−1.8	15.4	39
1985	44.5	49.4	−5.0	10.4	31
1986	51.9	55.2	−3.3	7.1	19
1987	55.3	61.5	−6.2	0.8	12

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

B. SHORT-TERM ESTIMATES PREPARED BY THE CONGRESSIONAL BUDGET OFFICE

TABLE II-7.—CBO ESTIMATES OF INCREASES IN OUTGO FOR FISCAL YEARS 1978-83, OASDI

[In billions of dollars]

	1978	1979	1980	1981	1982	1983
Decoupling [1]	0	0	−0.3	−0.7	−1.3	−2.1
Raise exempt amount in retirement test	([2])	.2	.2	.3	3.0	3.1
Limit windfall increases for early retirees	0	−.2	−.4	−.7	−.9	−1.2
Expand benefits to divorced spouses	0	.2	.2	.2	.2	.2
Elimination of marriage as a bar to benefit entitlement	0	1.3	1.4	1.6	1.7	1.9
Elimination of monthly retirement test	−.2	−.2	−.2	−.2	−.1	−.02
Elimination of retroactive benefits	−.2	−.4	−.5	−.6	−.6	−.6
Total [3]	−.4	.9	.4	−.1	2.0	1.3

[1] Includes freezing of minimum benefit and increment in delayed retirement credit.
[2] Less than $50 million.
[3] Total includes minor costs and savings of other provisions.

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TABLE S-6.—ESTIMATED OPERATIONS OF THE HOSPITAL INSURANCE TRUST FUND UNDER THE PROGRAM AS MODIFIED BY THE SENATE BILL, CALENDAR YEARS 1977-87

[Amounts in billions]

Calendar year	Income	Outgo	Net increase in fund	Fund at end of year	Fund at beginning of year as a percentage of outgo during year
1977	$16.1	$16.2	−$0.1	$10.5	66
1978	19.2	19.0	.2	10.7	55
1979	23.4	22.2	1.2	11.9	48
1980	25.8	25.9	(1)	11.9	46
1981	32.7	29.8	2.8	14.7	40
1982	35.4	34.1	1.3	16.0	43
1983	37.7	38.7	−1.0	15.0	41
1984	39.9	43.9	−4.0	11.0	34
1985	45.5	49.4	−3.8	7.2	22
1986	50.1	55.2	−5.1	2.1	13
1987	52.9	61.5	−8.6	(2)	3

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

[2] Fun dexhausted in 1987.

NOTES.—1. The above estimates are based on the intermediate set of assumptions shown in the 1977 Trustees Report. 2. The Senate Finance Committee adopted the administration's estimate of the benefit reduction that would result from the administration proposal regarding benefits for dependent spouses as the estimated reduction that would result from the related committee amendment offsetting government pensions against spouses benefits.

B. SHORT-TERM ESTIMATES PREPARED BY THE CONGRESSIONAL BUDGET OFFICE

TABLE S-7.—CBO ESTIMATES OF INCREASES IN OUTGO FOR FISCAL YEARS 1978-83, OASDI

[In billions of dollars]

	1978	1979	1980	1981	1982	1983
Decoupling		−0.02	−0.14	−0.41	−0.81	−1.44
Raise exempt amount in earnings test		1.20	1.39	1.51	2.00	2.15
Allow widows to collect increased benefits of husband's delayed retirement	(1)	(1)	.01	.01	.01	.01
Pension offset to spouse benefit	−0.17	−.27	−.41	−.43	−.53	−.64
Limit windfall increases for early retirement	−.05	−.23	−.45	−.68	−.91	−1.17
Limit on retroactive benefits	−.29	−.53	−.55	−.56	−.56	−.57
Eliminate monthly retirement test	−.20	−.20	−.20	−.20	−.20	−.30
Liberalize benefits to blind	.31	.51	.63	.67	.72	.76
Eliminate penalty for disabled workers collecting workmen's compensation	.12	.13	.14	.16	.17	.19
Total	−.281	.589	.420	.070	−.110	−1.00

[1] Less than $5 million.

C. LONG-TERM ESTIMATES PREPARED BY THE SOCIAL SECURITY ADMINISTRATION ACTUARY

TABLE II-8.—CHANGES IN ACTUARIAL BALANCE OF THE OASI AND DI PROGRAM OVER LONG-RANGE PERIOD (1977-2051) AS A RESULT OF CHANGES INCLUDED IN THE HOUSE-PASSED BILL

[In percent of payroll]

Item	OASI	DI	Total
Long-range actuarial balance under present law	−6.06	−2.14	−8.20
Wage-indexed decoupling	3.72	1.07	4.80
Freeze the minimum benefit [1]	.07	.02	.08
Retirement test	−.23		−.23
Delayed-retirement increment			.00
Marriage/remarriage	−.08		−.08
Original actuarial reduction factor	.25		.25
Miscellaneous provisions [2]			
Increase in taxable wage base	.46	.08	.54
Increase in self-employment tax rates	.08	.02	.10
Tax rate increases	.56	.56	1.12
Total effect of changes in the bill	4.83	1.75	6.58
Long-range actuarial balance under the bill	−1.23	−.39	−1.62

[1] Includes updating the special minimum and providing for automatic increases after 1979.

[2] Includes equal treatment by sex, employer liability for taxes on minimum wage for employees receiving tips, correction of the flaw in present law regarding limited partnerships, elimination of retroactive payments of actuarially reduced benefits, reducing marriage requirements from 20 to 5 yr for certain divorced beneficiaries, and annual reporting of earnings.

TABLE II-9.—CHANGES IN THE ACTUARIAL BALANCE OF THE HOSPITAL INSURANCE PROGRAM OVER THE LONG-RANGE PERIOD (1977-2001) AS A RESULT OF CHANGES INCLUDED IN THE HOUSE-PASSED BILL

[In percent of payroll]

Item	Percent
Long-range actuarial balance under present law	−1.16
Increase in taxable wage base	+.25
Eligibility requirements regarding marriage, remarriage and divorce	−.02
Miscellaneous provisions	
Revised tax schedule	−.11
Total effect of changes in bill	+.12
Long-range actuarial balance under bill	−1.04

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C. LONG-TERM ESTIMATES PREPARED BY THE SOCIAL SECURITY ADMINISTRATION ACTUARY

TABLE S-8.—CHANGES IN ACTUARIAL BALANCE OF THE OASI AND DI PROGRAM OVER LONG-RANGE PERIOD (1977-2051) AS A RESULT OF CHANGES INCLUDED IN THE SENATE-PASSED BILL

[In percent of payroll]

Item	OASI	DI	Total
Long-range actuarial balance under present law	−6.06	−2.14	−8.20
Changes in benefit formula	3.45	1.01	4.46
Effect of decoupling	9.63	2.32	11.95
Effect of new (wage-indexed) benefit formulas	−6.18	−1.31	−7.49
Freeze the minimum benefit	.07	.02	.08
Pension offset	.05	.00	.05
Retirement test	−.18	.00	−.18
Delayed retirement increment for widows and widowers; and employer tax relief for affiliated corporation	−.01	.00	−.01
Eliminating retroactive payment of actuarially reduced benefits	.01	.00	.01
Original actuarial reduction factor	.25	.00	.25
Elimination of workmen's compensation offset	.00	−.04	−.04
Special benefits for blind persons	.01	−.27	−.26
Semiannual benefit adjustments	−.02	−.01	−.03
Increase in taxable wage base for employers	.20	.05	.25
Increase in taxable wage base for employees and self-employed persons	.05	.01	.06
Increase in self-employment tax rates	.09	.02	.11
Tax rate increases	2.18	1.09	3.27
Total effect of changes in the bill	6.14	1.87	8.01
Long-range actuarial balance under the bill	.08	−.27	−.18

TABLE S-9.—CHANGES IN THE ACTUARIAL BALANCE OF THE HOSPITAL INSURANCE PROGRAM OVER THE LONG-RANGE PERIOD (1977-2001) AS A RESULT OF CHANGES INCLUDED IN THE SENATE-PASSED BILL

[In percent of payroll]

Item	Percent
Long-range actuarial balance under present law	−1.16
Increase in wage base for employers	+.07
Increase in earnings base for employees and self-employed persons	+.05
Eligibility requirements for blind workers	−.02
Miscellaneous provisions	
Revised tax schedule	−.18
Total effect of changes in bill	−.08
Long-range actuarial balance under bill	−1.24

TABLE H-10.—ESTIMATED EXPENDITURES OF OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM AS PERCENT OF TAXABLE PAYROLL UNDER THE HOUSE-PASSED BILL, FOR SELECTED YEARS 1977-2055

[In percent]

Calendar year	Expenditures as percent of taxable payroll [1] Old-age and survivors insurance	Disability insurance	Total	Tax rate in bill	Difference
1977	9.39	1.50	10.89	9.90	-0.99
1978	9.05	1.48	10.52	10.10	-.42
1979	8.91	1.47	10.38	10.10	-.28
1980	8.75	1.48	10.23	10.10	-.13
1981	8.63	1.49	10.12	10.50	.38
1982	8.88	1.53	10.41	10.70	.29
1983	8.94	1.57	10.51	10.70	.19
1984	9.00	1.62	10.62	10.70	.08
1985	9.03	1.66	10.68	11.30	.62
1986	9.09	1.70	10.79	11.30	.51
1987	9.13	1.74	10.87	11.30	.43
1988	9.05	1.79	10.84	11.30	.46
1989	8.98	1.83	10.81	11.30	.49
1990	8.90	1.87	10.77	12.40	1.63
1991	8.88	1.91	10.80	12.40	1.60
1992	8.87	1.95	10.82	12.40	1.58
1993	8.86	1.99	10.85	12.40	1.55
1994	8.85	2.03	10.88	12.40	1.52
1995	8.85	2.07	10.92	12.40	1.48
1996	8.82	2.12	10.95	12.40	1.45
1997	8.81	2.18	10.98	12.40	1.42
1998	8.79	2.23	11.02	12.40	1.38
1999	8.79	2.28	11.07	12.40	1.33
2000	8.78	2.34	11.12	12.40	1.28
2001	8.80	2.40	11.19	12.40	1.21
2005	8.86	2.64	11.50	12.40	.90
2010	9.43	2.88	12.31	12.40	.09
2015	10.59	2.99	13.58	12.40	-1.18
2020	12.10	3.02	15.12	12.40	-2.72
2025	13.61	2.91	16.52	12.40	-4.12
2030	14.47	2.77	17.25	12.40	-4.85
2035	14.65	2.70	17.34	12.40	-4.94
2040	14.09	2.71	16.80	12.40	-4.40
2045	13.62	2.79	16.41	12.40	-4.01
2050	13.47	2.82	16.29	12.40	-3.89
2055	13.52	2.83	16.35	12.40	-3.95
25-yr averages:					
1977-2001	8.91	1.85	10.76	11.52	.76
2002-26	10.73	2.86	13.59	12.40	-1.19
2027-51	14.06	2.76	16.82	12.40	-4.42
75-yr average: 1977-2051	11.24	2.49	13.73	12.11	-1.62

[1] Expenditures and taxable payroll are calculated under the intermediate set of assumptions (alternative II) which are described in the 1977 Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds. These assumptions incorporate ultimate annual increases of 5¾ percent in average wage in covered employment and 4 percent in Consumer Price Index, an ultimate unemployment rate of 5 percent, and an ultimate total fertility rate of 2.1 children per woman. Taxable payroll is adjusted to take into account the lower contributions rates on self-employment income, on tips, and on multiple-employer "excess wages" as compared with the combined employer-employee rate.

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TABLE S-10.—ESTIMATED EXPENDITURES OF OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE SYSTEM AS PERCENT OF TAXABLE PAYROLL UNDER THE SENATE-PASSED BILL, FOR SELECTED YEARS 1977-2055

[In percent]

Calendar year	Expenditures as percent of taxable payroll [1]				
	Old-age and survivors insurance	Disability insurance	Total	Tax rate in bill	Difference
1977	9.39	1.50	10.89	9.90	-0.99
1978	9.37	1.60	10.97	10.10	-.87
1979	8.79	1.55	10.35	10.17	-.18
1980	8.73	1.58	10.31	10.17	-.14
1981	8.67	1.61	10.29	10.70	.41
1982	8.76	1.66	10.42	10.80	.38
1983	8.79	1.71	10.51	10.80	.29
1984	8.88	1.77	10.65	10.80	.15
1985	8.81	1.79	10.60	11.40	.80
1986	8.87	1.84	10.71	11.40	.69
1987	8.93	1.89	10.82	11.40	.58
1988	8.93	1.97	10.90	11.40	.50
1989	8.93	2.04	10.98	11.40	.42
1990	8.93	2.12	11.05	12.30	1.25
1991	8.95	2.18	11.13	12.30	1.17
1992	8.97	2.24	11.22	12.30	1.08
1993	9.00	2.31	11.31	12.30	.99
1994	9.03	2.37	11.40	12.30	.90
1995	9.06	2.44	11.50	13.40	1.90
1996	9.07	2.50	11.57	13.40	1.83
1997	9.08	2.57	11.65	13.40	1.75
1998	9.10	2.64	11.73	13.40	1.67
1999	9.12	2.70	11.83	12.40	1.57
2000	9.14	2.77	11.91	13.40	1.49
2001	9.16	2.84	12.00	14.60	2.60
2005	9.21	3.11	12.32	14.60	2.28
2010	9.79	3.37	13.16	14.60	1.44
2015	10.97	3.50	14.46	15.60	1.14
2020	12.53	3.52	16.05	15.60	-.45
2025	14.07	3.40	17.47	15.60	-1.87
2030	14.95	3.25	18.20	15.60	-2.60
2035	15.03	3.15	18.18	15.60	-2.58
2040	14.54	3.18	17.72	15.60	-2.12
2045	14.05	3.27	17.32	15.60	-1.72
2050	13.89	3.30	17.19	15.60	-1.59
2055	13.96	3.32	17.28	15.60	-1.68
25-yr averages:					
1977-2001	8.98	2.09	11.07	11.88	.81
2002-26	11.12	3.35	14.47	15.24	.77
2027-51	14.50	3.23	17.73	15.60	-2.13
75-yr average: 1977-2051	11.53	2.89	14.42	14.24	-.18

[1] Expenditures and taxable payroll are calculated under the intermediate set of assumptions (alternative II) which are described in the 1977 Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds. These assumptions incorporate ultimate annual increases of 5¾ percent in average wage in covered employment and 4 percent in Consumer Price Index, an ultimate unemployment rate of 5 percent, and an ultimate total fertility rate of 2.1 children per woman. Taxable payroll is adjusted to take into account the lower contribution rates on self-employment income, on tips, and on multiple-employer "excess wages" as compared with the combined employer-employee rate.

D. NON-OASDI PROVISIONS IN SENATE BILL

TABLE S-11.—ESTIMATED BUDGETARY IMPACT OF NON-OASDI PROVISIONS

[In billions]

	Fiscal year—				
	1978	1979	1980	1981	1982
Fiscal relief for welfare costs	0.37				
AFDC earned income disregard	−.18	−0.23	−0.24	−0.26	−0.28
Prohibition against veterans pension reduction for OASDI			.11	.26	.39
Education tax credit (revenue reduction)	.18	1.27	1.20	1.22	1.24
Federal liability for certain State SSI errors		(1)			

[1] Estimated cost of $0.001 billion.
Source: CBO.

TABLE S-12.—DISTRIBUTION OF FISCAL RELIEF FOR WELFARE COSTS UNDER SENATE BILL

State	Amount (thousands)	Percent of total	State	Amount (thousands)	Percent of total
Total	$374,000	100.0	Montana	$893	0.2
			Nebraska	1,644	.4
Alabama	4,360	1.2	Nevada	622	.2
Alaska	740	.2	New Hampshire	977	.3
Arizona	2,614	.7	New Jersey	13,902	3.7
Arkansas	2,721	.7	New Mexico	1,843	.5
California	50,490	13.5	New York	52,921	14.2
Colorado	3,541	1.0	North Carolina	7,006	1.9
Connecticut	4,939	1.3	North Dakota	658	.2
Delaware	1,045	.3	Ohio	15,604	4.2
District of Columbia	2,410	.6	Oklahoma	3,454	.9
Florida	7,903	2.1	Oregon	4,438	1.2
Georgia	5,876	1.6	Pennsylvania	22,481	6.0
Hawaii	2,277	.6	Rhode Island	1,810	.5
Idaho	1,023	.3	South Carolina	3,333	.9
Illinois	23,239	6.2	South Dakota	912	.2
Indiana	6,073	1.6	Tennessee	4,950	1.3
Iowa	3,897	1.0	Texas	11,630	3.1
Kansas	2,996	.8	Utah	1,728	.5
Kentucky	5,690	1.5	Vermont	966	.3
Louisiana	5,992	1.6	Virginia	6,348	1.7
Maine	1,961	.5	Washington	5,455	1.5
Maryland	6,539	1.8	West Virginia	2,670	.7
Massachusetts	14,344	3.8	Wisconsin	8,572	2.3
Michigan	21,043	5.6	Wyoming	436	.1
Minnesota	6,443	1.7	Guam	94	(1)
Mississippi	3,271	.9	Puerto Rico	899	.2
Missouri	6,260	1.7	Virgin Islands	65	(1)

[1] Less than 0.05 percent.

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