be permitted somewhat more earnings than at present and still receive their full benefits.

Because of the pressure of time, it is necessary to pass over some of the other detailed proposals. The addition of benefits for disabled widows and the extension of health insurance to disabled beneficiaries are critical for the disabled persons involved and represent another adance in social awareness. Provisions to insure areas access to some type of protection through the social security program for workers who work for the Government for less than 5 years is no less vital to the large groups affected.

FINANCING THE PROPOSALS

Now I would like to discuss some of the broad financing implications of these recommendations.

The 1967 legislative proposals continue well-defined financing policies of the past. There has been a careful weighing of costs and provision of revenues to cover them. The benefit and contribution bases have been raised to reflect more nearly than at present the original relationship of taxable to total wages and salaries.

Emphasis upon full discussion of eventual costs and explicit provision of revenues required is a tradition of the social security program. For this reason Congress has, from the beginning, considered carefully the current and long-range level of costs and has made appropriate provisions for both short-range and longer range income to the system. From time to time Congress has created advisory councils composed of distinguished citizens to review the financing of the system.

The Chief Actuary of the Social Security Administration, Mr. Robert J. Myers, estimates that the combined changes in OASDI involve increases in level costs of 1.5 percent of taxable payroll. Part of this increased cost can be financed without changing the contributions because long-range income is now estimated to exceed long-range costs of present benefits. (Table 5, p. 331, shows that the present system has a positive actuarial balance, or actuarial surplus of 0.74 percent of payroll. That is roughly, three-fourths of 1 percent of payroll.)

Adequate financing for the other added costs in the OASDI program will be provided partly by the gradual increase in the contribution base; partly by an increase in contribution rates. Table 5 shows that the OASDI contribution rate increases proposed is equivalent to only 0.25 percent of payroll while the recommended contribution base increase is the equivalent of 0.50 percent of payroll.

In other words, when I said originally that the total benefit increase that we are recommending is 1½ percent of payroll, roughly half of that, 0.75—the actual figure is 0.74—is made up of the favorable actuarial balance. Then a half of a percent of payroll is made up through the base increases, and a quarter percent is made up through the rate increases. That is why I said earlier the benefits proposed by the President are fully financed through these three sources.

The rates are altered (table 6) and the total contributions of individuals, particularly those with higher incomes are increased (table 7). Both aspects are fully presented in order to avoid any suggestion that the significant improvements sought are costless, or nearly so. They involve acceptance of higher long-term commitments.