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I. INTRODUCTION AND SUMMARY

In 1966 a group of Senators introduced a bill providing for a 50-percent increase in old-age retirement benefits, and liberalization of other social insurance benefits.¹ This increase would be financed in part by higher payroll taxes coming mainly from a rise in the maximum taxable wage to \$15,000. The bill also included a proposal for the use of general revenues to meet a portion of the costs. Eventually over one-third of social security trust fund outlays would be borne by sources other than payroll taxes.

This bill was an indication of current pressures at work to modify social security. It went much further than the administration's proposals introduced in January 1967, and these provided for substantial amendments to the Social Security Act. The administration's proposals were modified and scaled down in the bill reported by the House Ways and Means Committee on August 7, 1967 (H.R. 12080). This bill provided for a 12½-percent increase in benefits, an increase in the amount an individual may earn and still get full retirement benefits, and various other modifications of benefits. To finance these increased benefits, the taxable earnings base would be increased from \$6,600 to \$7,600 effective January 1, 1968, and tax rates in future years would be changed as shown in table 1.

TABLE 1.—OASDHI¹ TAX RATES AND MAXIMUM TAX BASE UNDER EXISTING LAW, UNDER ADMINISTRATION'S PROPOSALS OF JANUARY 1967 AND UNDER H.R. 12080 AS REPORTED BY THE HOUSE COMMITTEE ON WAYS AND MEANS, AUGUST 1967, 1967 ACTUAL, 1968-74 SCHEDULED OR PROPOSED

Year	Scheduled under existing law			Administration's 1967 proposals ²			H.R. 12080 as reported by the Committee on Ways and Means, August 1967		
	Maximum taxable wage	Combined tax rate on employer and employee ³	Tax rate on self-employed ³	Maximum taxable wage	Combined tax rate on employer and employee ³	Tax rate on self-employed ³	Maximum taxable wage	Combined tax rate on employer and employee ³	Tax rate on self-employed ²
1967	\$6,600	8.8	6.4	\$6,600	8.8	6.4	\$6,600	8.8	6.4
1968	6,600	8.8	6.4	7,800	8.8	6.4	7,600	8.8	6.4
1969	6,600	9.8	7.1	7,800	10.0	7.3	7,600	9.6	6.9
1970	6,600	9.8	7.1	7,800	10.0	7.3	7,600	9.6	6.9
1971	6,600	9.8	7.1	9,000	10.0	7.3	7,600	10.4	7.5
1972	6,600	9.8	7.1	9,000	10.0	7.3	7,600	10.4	7.5
1973	6,600	10.8	7.55	9,000	11.1	7.55	7,600	11.3	7.65
1974	6,600	10.8	7.55	10,800	11.1	7.55	7,600	11.3	7.65

¹ Old age, survivors, disability, and hospital insurance.

² Set out in H.R. 5710.

³ Includes portion of rate for hospital insurance (in which no change in the existing schedule was proposed by the Administration in 1967). The hospital portion is scheduled to rise from 1 percent in 1967-72 to 1.1 percent in 1973.

⁴ Further increases are scheduled to 11.6 percent (H.R. 5710) or 11.8 percent (H.R. 12080) in 1987.

⁵ A further increase is scheduled to 11.3 percent in 1987.

Source: Social Security Administration.

¹ Congressional Record, Senate, vol. 112, No. 122, 89th Cong., 2d sess., July 28, 1966, pp. 16605-16612. The bill (S. 3661) was introduced by Senator Robert Kennedy and sponsored by eight other Senators.