

rower than the income concept proposed for NIT. Also, against the cost of the NIT program must be set the saving on other governmental income assistance programs which it will, at least in time, substantially replace. The federal government spends \$3.2 billion for categorical public assistance, and the states and localities dispense another \$2.4 billion.

On the assumption that people receiving social security also qualify for negative income tax, the single largest downward adjustment in the cost estimate would result from the inclusion of social security and veterans' pensions in the tax base. On the basis of information from the Social Security Administration,⁷ it is estimated that about \$4 billion of OASDI benefits and veterans' pensions are paid to married couples whose total income (including social security) is less than \$3,000 and to single men and women whose income is less than \$1,500. Since this type of income accounts for between 50 and 60 per cent of the total income of these groups, its inclusion in the tax base under plan H-50 would increase the base by at least \$4 billion and decrease the cost of the plan by at least \$2 billion.

In 1962 the gross rental value of owner-occupied dwellings was estimated to be \$37 billion. From the 1960 Census of Housing⁸ we estimated that about 12.8 per cent of the total value of owner-occupied homes was owned by people whose income was less than \$3,000. We estimate that imputing a 5 per cent return on owner-occupied residences would increase the negative income tax base by about \$2 billion and decrease the cost of plan H-50 by about \$1 billion. Other items, part of which would be included in the broader negative income tax base include: \$500 million of capital gains accruing to tax-paying units whose adjusted gross income was less than \$3,000, \$1 billion of unemployment compensation and \$2.2 billion of food consumed on farms.

Although our analysis is very imprecise, we estimate that the broadened tax base would save between \$3 and \$5 billion for plan H-50. It is not obvious whether the saving for plan H-33 would be higher or lower. For this plan the break-even levels of income are higher; therefore larger amounts of income that is not now taxed

7. See Merriam, *Social Welfare Expenditures, 1963-64*, in SOCIAL SECURITY ADMINISTRATION BULLETIN, table 3, at 3, 9 (October, 1964); Palmove, *Differences in Sources and Size of Income: Findings of the 1963 Survey of the Aged*, in SOCIAL SECURITY ADMINISTRATION BULLETIN, table 1, at 3 (May, 1965).

8. 2 U.S. DEP'T OF COMMERCE, BUREAU OF THE CENSUS, CENSUS OF HOUSING pt. 1, table A-3, at 1-5 (1963).