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STAFF DATA ON H.R. 1:

## COST ESTIMATES RELATED TO THE COMMITTEE BILL

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COMMITTEE ON FINANCE  
UNITED STATES SENATE  
RUSSELL B. LONG, *Chairman*



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Committee on Finance

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(II)

**CLERK'S NOTE:** The various tables in this pamphlet present preliminary estimates of the costs of the committee bill, H.R. 1 and present law. These estimates were prepared on the basis of the best information which was available at the time they were made.

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# Cost Increases in H.R.1 and Committee Bill

(in billions)

	<u>1973</u>		<u>1974</u>	
	<u>H.R.1</u>	<u>Committee bill</u>	<u>H.R.1</u>	<u>Committee bill</u>
<b><u>General Funds</u></b>				
Medicare Part B	\$0.4	\$0.5	\$0.4	\$0.6
Medicaid	-0.5	---	-0.5	---
Aged, blind, disabled	1.1	2.0	2.6	2.2
Programs for families	1.3 <sup>1/</sup>	2.7	2.5 <sup>1/</sup>	4.5
Tax credit provisions	<u>0.4</u>	<u>0.4</u>	<u>0.4</u>	<u>0.6</u>
TOTAL	<u>2.7</u>	<u>5.9</u>	<u>5.4</u>	<u>7.9</u>
<b><u>Trust Funds</u></b>				
Social security cash benefits (5% increase)	3.9	4.6	4.0	5.0
Medicare Part A	<u>1.5</u>	<u>2.0</u>	<u>1.6</u>	<u>2.4</u>
SUBTOTAL	<u>5.4</u>	<u>6.6</u>	<u>5.6</u>	<u>7.6</u>
Benefit increase (instead of 5%):				
Ten percent		2.2		2.3
Fifteen percent		4.1		4.3
Twenty percent		6.2		6.5

<sup>1/</sup>Based on HEW estimate

# Medicare and Medicaid, 1974

## GENERAL FUNDS

(dollars in  
billions)

### Medicare Part B:

Present law	\$1.8
Extend coverage to disabled	0.4
Cover chiropractic, limit premium, other changes	0.1

### Medicaid:

Present law	5.3
Mentally ill children	0.1
Coverage of workfare participants	0.2
Other changes	-0.3

**NET INCREASED GENERAL  
FUND COSTS** **+0.5**

## TRUST FUNDS

### Medicare Part A:

Present law	8.3
Extend coverage to disabled	1.5
Coverage of drugs	0.7
Extended care definition, other changes	0.2

**NET INCREASED TRUST  
FUND COSTS** **+2.4**

# Aid to the Aged, Blind and Disabled, 1974

cost in billions

## Present law:

Welfare payments	\$2.2
Administration	0.2
Food stamps	<u>0.3</u>
TOTAL	<u>2.7</u>

## Committee increases:

Welfare payments (including cashing out of food stamps)	+2.2
Administration	+0.3
Food stamps	<u>-0.3</u>
TOTAL INCREASE	<u>+2.2</u>

# Workfare and AFDC Costs, 1974

	<u>Cost in billions</u>
Government employment	\$2.6
Wage supplement	0.3
10% work bonus	1.2
Block grants for AFDC	3.7
Food stamps for families	---
Cost of cashing out food stamps	1.8
Child care: additional	0.8
Included in Government employment	(0.4)
Services and training	0.4
Admin. costs: AFDC	0.2
Workfare	0.5
Incl. in Govt. employment	(0.4)
	<hr/>
TOTAL GROSS COST	11.5
Cost of present law	<u>7.0</u>
NET INCREASED COST	+4.5



# Cost of Programs for Families, 1974

(dollars in billions)

	<u>Current law</u>	<u>H.R. 1<sup>1/</sup></u>	<u>Committee bill</u>
Welfare payments	\$4.8	\$6.6	\$4.7
Wages and wage supplements	---	0.8	4.9
Food stamps or equivalent payments	1.1	---	---
Child care	0.3	0.8	0.8
Supportive services, training	0.2	0.6	0.4
Administration	<u>0.4</u>	<u>0.7</u>	<u>0.7</u>
TOTAL	6.8	9.5	11.5

<sup>1/</sup>Based on  
HEW estimate

## Social Security Cash Benefits

First full year  
cost (billions)

### Increases in House bill:

5 percent benefit increase	\$2.1
Widow's benefits	0.9
Increase in earnings limit	0.6
Other changes	<u>0.3</u>
TOTAL INCREASE	3.9

### Increases in Committee bill:

Special minimum up to \$200	0.3
Credit for delayed retirement	0.3
Other changes	<u>0.1</u>
SUBTOTAL	0.7

### Benefit increase (instead of five percent):

Ten percent	2.2
Fifteen percent	4.1
Twenty percent	6.2

TABLE 1.—1ST YEAR BENEFIT COSTS AND NUMBER OF PERSONS AFFECTED BY OLD-AGE SURVIVORS, AND DISABILITY PROVISIONS OF HOUSE BILL AND COMMITTEE BILL—Continued

[Amounts in millions; numbers of persons in thousands]

Provision	1st year benefit costs	Present-law beneficiaries immediately affected	Newly eligible persons
<i>Committee changes: Deletions—Con.</i>			
19. Benefits based on combined earnings of husband and wife.....	-\$3	-10	
20. Additional drop-out year every 15 years of coverage.....	23	-700	
<i>Changed provisions:</i>			
21. Special minimum PIA up to \$200.....	275		
22. Retrospective application of delayed retirement credit.....	275		
23. Liberalized disability benefits for the blind..	155		
24. Reduce disability waiting period to 4 months....	20		
25. Benefits for dependent brothers and sisters...	69		50
Net change.....	739		+50
Total cash benefit changes under committee bill.....	4,661		579
<i>Benefit increases:</i>			
26. 10 percent benefit increase instead of 5 percent.....	2,217	27,800	
27. 15 percent benefit increase instead of 5 percent.....	4,073	27,800	57
28. 20 percent benefit increase instead of 5 percent.....	6,175	27,800	

TABLE 1.—1ST-YEAR BENEFIT COSTS AND NUMBER OF PERSONS AFFECTED BY OLD-AGE, SURVIVORS, AND DISABILITY PROVISIONS OF HOUSE BILL AND COMMITTEE BILL—Continued

[Amounts in millions; numbers of persons in thousands]

Provision	1st-year benefit costs	Present- law bene- ficiaries imme- diately affected	Newly eligible persons
<b>House bill—Continued</b>			
8. Student child's benefits continued after age 22 to end of semester.....	\$16	55	6
9. Special minimum PIA up to \$150.....	30	300	
10. Liberalized workmen's compensation offset (80 percent of high 1 year)....	4	65	
11. Liberalized disability insured status provision for the blind.....	29		30
12. Increased allowance for vocational rehabilitation expenditures.....	22		
13. Age 62 computation point for men.....	6	85	1
14. Benefits based on combined earnings of husband and wife.....	3	10	
15. Credit for delayed retirement.....	13	550	
16. Additional dropout year for every 15 years of coverage.....	23	700	
17. Reduce disability waiting period to 5 months.....	102	950	4
Total, cash benefit changes under House bill.....	3,922	(1)	529
<b>Committee changes: Deletions:</b>			
18. Election to receive larger future benefits by certain beneficiaries eligible for more than 1 actuarially reduced benefit.....	-29	-100	

<sup>1</sup> Figures not additive because a person may be affected by more than one provision.