

January 11, 1939.

REPORT OF THE SUB-COMMITTEE ON THE SOCIAL SECURITY BOARD'S
STATEMENTS RELATING TO TAX COLLECTIONS AND BENEFIT PAYMENTS
IN THE CALENDAR YEAR 1940

The estimates are as presented by the Social Security Board, with the bases and assumptions indicated by them.

I - Unemployment Insurance

(a) Deposits in Unemployment Trust Fund	749,000,000
Title IX tax collections	<u>91,000,000</u>
	840,000,000

Based on budget estimates for fiscal year 1940.

These estimates are approximately equal to the rate of collections in the latter months of 1938.

(b) Benefit payments	760,000,000
Administrative expenses	<u>80,000,000</u>
	840,000,000

Assumes sufficient liberalization of state laws relating to benefit payments to equalize income and outgo.

II - Old Age Insurance

(a) Tax Collections -

On present coverage, 2 percent rate.	560,000,000
Additional 1 percent rate (3 quarters)	<u>165,000,000</u>
	715,000,000
On proposed coverage	<u>40,000,000</u>
	755,000,000

Figures for present coverage based on budget estimates for fiscal 1940.

These estimates are approximately the same taxable base as prevailed in the last half of 1938.

(b) Benefit Payments

The outstanding fact with respect to old age benefit payments in 1940 is the tremendous range - from \$48 to \$515 million - of possible variation that would arise from the adoption of plans that have been under discussion. Until a definite set of provisions is adopted by Congress, estimates are bound to be attended by the greatest uncertainty. It appears, moreover, impossible to say at the present time which of several sets of provisions is more likely to be adopted. All that can be done now is to set forth the conditions under which the minimum and maximum amounts would be paid.

1. **Minimum** - \$48 million. Lump sum payments under the present law.
2. **Maximum** - \$515 million. In order to reach this total (or anything like it) extensive changes would have to be made in the existing law.

1. Payment of monthly benefits in 1940.

2. Eligibility for benefits would have to be extended to every one over 65 who had worked in a covered occupation and had earned at least \$300 a year since January 1, 1937. This would mean including people who had never paid any taxes under the act at all as well as those who had received lump sum benefits and ceased contributing. If the administrative difficulties in checking wage records, etc., could be satisfactorily solved as many as 1,000,000 persons might become eligible for benefits in 1940.

3. Adoption of an average wages formula for calculating benefits. It is estimated that this would raise the benefit payment for a single beneficiary to at least \$30 a month.

4. Adoption of various supplementary benefits for wives over 65, widows, dependent children, etc.

5. Immediate inauguration of disability benefits.

An approximate idea of the relative importance of these various proposals, assuming average monthly benefit payments of \$30 per annuitant, may be derived from the following table:

1,000,000 qualified annuitants.	\$361,000,000
Dependent aged wives	48,000,000
Aged widows	2,000,000
Young widows and orphans	22,000,000
Minimum death benefits	52,000,000
Disability.	25,000,000
Accrued death claims	<u>5,000,000</u>
	\$515,000,000