

FOR IMMEDIATE RELEASE

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Office of the White House Press Secretary
-----THE WHITE HOUSE

STATEMENT BY THE PRESIDENT

I am today submitting to the Congress a proposal which will correct a serious flaw in the Social Security system's formula for determining benefits. The new benefit formula contained in my proposal will prevent Social Security payment levels from being distorted by unusually high periods of inflation while helping to protect the financial integrity of the system itself.

This proposal is the last of three components of my 1977 budget and legislative programs intended to insure a secure and viable Social Security system. My program calls for a full cost-of-living increase for all beneficiaries, scheduled to take effect in checks sent out in July of this year.

It calls for an increase in Social Security payroll contributions by three-tenths of one percent for both employees and employers. This increase would remedy the immediate, short-term financing problem facing Social Security. It would stop the drain on the trust funds--which are now expected to pay out about four billion dollars more in benefits each year than they take in. This correction would cost no employee more than one dollar per week in additional contributions.

The third component of my program is the legislation I am transmitting today to correct a serious flaw in the Social Security benefit structure. If left unchanged, this flaw could damage the underlying principles of Social Security and help create severe long-range financial pressures on the system. My proposal would eliminate this flaw and be a major step towards resolving the long-range financial problem. It would help stabilize the system and permit sufficient time for careful and thorough analysis of the remaining future financial pressures.

Both of these proposals are vital. While I am happy that a full cost-of-living increase will be included in July Social Security checks, I regret to say that the Congress has avoided its responsibility to provide a means of paying for the full cost of the system.

If we are successfully to preserve the financial integrity of the Social Security system, we need prompt action on both of my proposals. I strongly urge the Congress to move immediately and without further delay to enact them into law.

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