

FEDERAL EMPLOYEES' INSURANCE

M E S S A G E

FROM

THE PRESIDENT OF THE UNITED STATES

RETURNING

WITHOUT APPROVAL THE BILL (H.R. 11089) TO AMEND TITLE 5,
UNITED STATES CODE, CONCERNING FEDERAL EMPLOYEES'
LIFE INSURANCE

AUGUST 14, 1967.—Referred to the Committee on Post Office and Civil Service
and ordered to be printed together with the accompanying bill.

To the House of Representatives:

I am compelled to return, without my approval, H.R. 11089—a bill which would cause large increases in life insurance coverage for government employees, officials and Members of Congress.

I am returning this bill because it places too heavy a burden and levies too heavy a charge on the American taxpayer by providing private insurance out of public funds.

I am returning it because it sets an unwise precedent at a critical time in our history. Today, we dare not divert our resources for unnecessary demands, when there are many more crucial needs which urgently require our support.

Life insurance is but one of many fringe benefits a government employee or official receives. Certainly government life insurance was never intended to meet entirely the needs of an employee or his family. It is meant primarily to supplement his personal coverage.

Nevertheless, we know that the life insurance program must be strengthened and improved. That is why last year I recommended needed changes in insurance benefits to Congress that I considered reasonable and fair.

Congress, however, far exceeded my recommendation. And so last year I was compelled to disapprove the life insurance measure because

it threatened to fuel the fires of inflation and to impose an unwarranted burden on the taxpayer.

Again this year hoping for a sound program, I recommended another modest measure. In June, I called for a \$13 million program designed to—

—make the insurance system actuarially sound.

—remove an inequity by providing additional coverage.

The bill which finally passed the Congress was subjected only to brief debate. The roll was not called in either House on the passage of this bill. It was passed by voice vote.

If this measure were approved, the cost to the American taxpayer would rise from the \$13 million I recommended to a minimum of \$61 million in the first year and continued commitments for the future.

The bill would substantially increase life insurance coverage at the taxpayer's expense for all government officials and employees:

—For most by 33½ percent—an unnecessary expense.

—For a selected few—the President and Vice President, Cabinet and sub-Cabinet officials, the Members of Congress, Members of the Judiciary, and U.S. Ambassadors, all those in the highest brackets who need it the least—by 100 percent, to \$40,000—an unwarranted expense.

Finally, it would increase the government's contribution for each employee from 33½ percent to 40 percent.

This bill would impose an added burden on the American taxpayer just when we are asking him to pay a 10 percent tax surcharge. And, because our budget is tight, it would syphon funds away from Americans who need our support much more: children, the poor, the elderly—and most important, American fighting men in Vietnam.

In the face of a possible \$29 billion deficit, we must scrutinize every dollar that we spend. To keep the budget within bounds and to head off the threat of inflation, I pledged in my Economic Message last week that "I will make every possible expenditure reduction—civilian and military—short of jeopardizing the national security and well-being." H.R. 11089 does not meet this rigorous test.

Over the past ten years, the salaries of Federal employees have risen by nearly 75 percent—and their life insurance coverage has risen by the same amount, 75 percent.

Since I have been President, there have been four successive civilian pay increases—and four insurance increases. The total cost of these programs has amounted to more than \$2 billion. And with the new 4.5 percent pay increase which I have proposed for this year, we will be adding almost another half billion dollars to civilian pay and insurance and another half billion dollars for military pay.

Against this background, I can see no justification for the large life insurance increases voted by the Congress.

The 4.5 percent pay proposal I submitted in April is fair and just for Federal personnel. Yet Congress is now considering adding an extra \$1 billion to the Administration pay bill. This is equivalent to a 2 percent tax surcharge; it would come directly out of the pocket

of the American taxpayer. We must hold the line—and we must hold that line in the pay bill. This same sense of economy and responsibility must be maintained on all matters.

All of us are dedicated to the well-being of the 3 million Federal employees who serve the Nation's cause. The record of this Administration, and of the past three Congresses, attests to that dedication.

But the President must be concerned with the total public interest. Every taxpayer—including the citizen who is a public servant—should bear in mind this larger interest. That is why I must return this measure unapproved.

Certainly there are good and acceptable features in the bill now before me.

—It contains a new provision to raise the minimum coverage to \$10,000 for those employees in the lower grades who need protection the most.

—It places the insurance program on a sound actuarial basis.

If the Congress wishes to provide additional coverage over and above my recommendations, ways might be explored to permit direct purchases by the employee with his private funds under current group plans. But the employee who benefits directly—not the taxpayer—should be asked to bear this added cost.

I have asked the Chairman of the Civil Service Commission and the Director of the Budget to begin working immediately with the appropriate Committees of the Congress toward an acceptable program.

I hope the Congress will take my comments and recommendations into account. I hope the Congress can send to me—this year—a wise, fair, and well-justified bill—a bill that is both responsive to the needs of the Federal employee, and responsible in light of America's economic needs.

I would be proud to sign such a measure.

LYNDON B. JOHNSON.

THE WHITE HOUSE, August 12, 1967.

H.R. 11089

NINETYETH CONGRESS OF THE UNITED STATES OF AMERICA, AT THE FIRST SESSION, BEGUN AND HELD AT THE CITY OF WASHINGTON ON TUESDAY, THE TENTH DAY OF JANUARY, ONE THOUSAND NINE HUNDRED AND SIXTY-SEVEN

AN ACT To amend title 5, United States Code, to provide additional group life insurance and accidental death and dismemberment insurance for Federal employees, and to strengthen the financial condition of the Employees' Life Insurance Fund.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 8704(a) of title 5, United States Code, is amended to read as follows:

“(a) An employee eligible for insurance is entitled to be insured for an amount of group life insurance plus an equal amount of group accidental death and dismemberment insurance, in accordance with the following schedule; which schedule shall be automatically extended correspondingly whenever the rate of annual pay assigned by section 5313 of this title to positions of level II of the Executive Schedule is increased:

FEDERAL EMPLOYEES' INSURANCE

"If annual pay is—		The amount of group life insurance is—	The amount of group accidental death and dismemberment insurance is—
Greater than—	But not greater than—		
0	\$7,500	\$10,000	\$10,000
\$7,500	8,250	11,000	11,000
8,250	9,000	12,000	12,000
9,000	9,750	13,000	13,000
9,750	10,500	14,000	14,000
10,500	11,250	15,000	15,000
11,250	12,000	16,000	16,000
12,000	12,750	17,000	17,000
12,750	13,500	18,000	18,000
13,500	14,250	19,000	19,000
14,250	15,000	20,000	20,000
15,000	15,750	21,000	21,000
15,750	16,500	22,000	22,000
16,500	17,250	23,000	23,000
17,250	18,000	24,000	24,000
18,000	18,750	25,000	25,000
18,750	19,500	26,000	26,000
19,500	20,250	27,000	27,000
20,250	21,000	28,000	28,000
21,000	21,750	29,000	29,000
21,750	22,500	30,000	30,000
22,500	23,250	31,000	31,000
23,250	24,000	32,000	32,000
24,000	24,750	33,000	33,000
24,750	25,500	34,000	34,000
25,500	26,250	35,000	35,000
26,250	27,000	36,000	36,000
27,000	27,750	37,000	37,000
27,750	28,500	38,000	38,000
28,500	29,250	39,000	39,000
29,250		40,000	40,000**

(b) Section 8707 of title 5, United States Code, is amended to read as follows:

“§ 8707. Employee deductions; withholding

“During each period in which an employee is insured under a policy of insurance purchased by the Civil Service Commission under section 8709 of this title, there shall be withheld from the pay of the employee his share of the cost of his group life insurance and accidental death and dismemberment insurance. The amount withheld shall be at the rate, adjusted to the nearest half cent, of 60 percent of the level cost of each \$1,000 of insurance, as determined by the Commission.”.

(c) Section 8708(a) of title 5, United States Code, is amended to read as follows:

“(a) For each period in which an employee is insured under a policy of insurance purchased by the Civil Service Commission under section 8709 of this title, an amount equal to 40 percent of the level cost, as determined by the Commission, of the insurance shall be contributed from the appropriation or fund which is used to pay him.”.

SEC. 2. The amendments made by this Act shall take effect on the first day of the first pay period which begins on or after the sixtieth day following the date of enactment of this Act, but shall have no effect in the case of any employee who died, was finally separated, or retired before such date of enactment. In the case of an employee who dies or retires during the period beginning on the date of enactment of this Act and ending immediately before the effective date of such amendments, the amount of insurance shall be determined as if such amendments were in effect during such period.

JOHN W. McCORMACK,
Speaker of the House of Representatives.
HUBERT H. HUMPHREY,
Vice President of the United States and
President of the Senate.

[Endorsement on back of bill:]

I certify that this Act originated in the House of Representatives.

W. PAT JENNINGS, Clerk.