
EMPLOYEES' LIFE INSURANCE FUND

M E S S A G E

FROM

THE PRESIDENT OF THE UNITED STATES

RETURNING

WITHOUT APPROVAL THE BILL (H.R. 6926) INCREASING LIFE INSURANCE COVERAGE FOR FEDERAL EMPLOYEES

SEPTEMBER 13, 1966.—Referred to the Committee on Post Office and Civil Service and ordered to be printed with the accompanying bill

To the House of Representatives:

For the second time in less than 8 weeks, I am forced to return a bill without my approval because it is inflationary.

The bill I am now returning—H.R. 6926—would increase life insurance coverage for Federal employees by over 30 percent—at an annual cost to the taxpayer of \$90 million. If we were to extend equivalent increases in fringe benefits to all American workers, we would be fueling the fires of inflation by nearly \$3 billion.

At a time when we are making every effort to reduce low priority Federal spending in other areas, this bill cannot be justified.

At a time when we are urging business and labor to exercise restraint, this bill would set a double standard for executive branch employees and Members of the Congress.

At a time when the Congress—at the request of the employee unions—has already added almost \$300 million more than I requested to this year's cost of civilian pay, this bill cannot be supported.

In the past 10 years, the average Federal civilian salary rose by nearly 75 percent—from about \$4,000 a year to about \$7,000 a year. Since life insurance is geared to the annual salary, this means that insurance has also increased by 75 percent. Over the same period, the average pay of a factory worker increased 47 percent.

Since I have been President, there have been four successive civilian pay increases—and four insurance increases. The total cost of these increases has amounted to over \$2 billion.

In addition, there have been very large increases in survivor benefits under the Federal employees' retirement system. This is equivalent to added insurance. In the case of a typical employee, the widow's survivorship annuity has risen by 94 percent since 1964.

These increased benefits must be protected. They must not be eroded by inflation.

I have already submitted to the Congress my recommendations on the Federal employee insurance program. My recommendations are fair and responsible. They would increase maximum coverage for employees in the upper grades from \$20,000 to \$30,000 and they would provide for an actuarially sound funding of the insurance program.

The House of Representatives initially approved my bill. The Senate Post Office and Civil Service Committee expanded the benefits of the bill beyond acceptable limits. Its action raised the annual cost of this program from the \$12 million I had proposed to \$90 million. It increased the maximum coverage—which would be applicable only to high level executive branch employees and Members of the Congress—from the \$30,000 we had proposed to \$42,000.

The Senate acted on this bill without the benefit of any debate. The House then accepted the Senate version with virtually no debate.

The bill goes far beyond my recommendations—and far beyond anything the American taxpayer should be asked to pay for at this time.

One point should be made clear. Government group life insurance was never intended to meet an employee's insurance needs entirely. It is—like other employee life insurance plans—meant only to supplement his private coverage.

Further, insurance for Government employees cannot be considered in isolation from other federally provided benefits. It must be regarded as a part of the total pay and fringe benefits an employee receives. Piecemeal increases in life insurance, without considering other benefits, will inevitably result in a compensation program that is unsound and inequitable.

We have worked long and hard to sustain 67 months—5½ years—of economic growth and stability. And every American has benefited. Yet this unparalleled prosperity has created new pressures on our economy. That is why, 4 days ago, I proposed a four-point program of immediate action for the Congress, the executive branch, and the American people.

One crucial aspect of this program is a substantial reduction in Federal spending. Many Members of Congress share my belief that our anti-inflationary efforts must include restraints on spending. The measure I veto today is totally inconsistent with our common goals.

I deeply regret that disapproval of this bill has the effect of deferring an increase in both agency and employee contributions. I would gladly approve a bill which enacted this provision, and provided for an increase in maximum insurance coverage up to level II of the Federal executive salary schedule—now \$30,000. I also regret the delay in clarifying the application of Federal insurance law with respect to reemployed annuitants. I have directed the Attorney General to take every possible action to clarify this matter under existing law.

In returning this measure, I do so in the hope that Congress will adopt the insurance proposals I submitted earlier. Such a measure would be fiscally responsible. It would be consistent with the wage-price guideposts. I would be proud to sign it.

LYNDON B. JOHNSON.

THE WHITE HOUSE, *September 12, 1966.*

H. R. 6926

EIGHTY-NINTH CONGRESS OF THE UNITED STATES OF AMERICA, AT THE SECOND SESSION, BEGUN AND HELD AT THE CITY OF WASHINGTON ON MONDAY, THE TENTH DAY OF JANUARY, ONE THOUSAND NINE HUNDRED AND SIXTY-SIX

AN ACT To strengthen the financial condition of the Employees' Life Insurance Fund created by the Federal Employees' Group Life Insurance Act of 1954, to provide certain adjustments in amounts of group life and group accidental death and dismemberment insurance under such Act, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 2(a) of the Federal Employees' Group Life Insurance Act of 1954, as amended (5 U.S.C. 2091, 68 Stat. 736; Public Law 84-598), is amended by inserting after the word "employment" in the proviso the following: "or solely because he was previously retired on annuity from Government civilian employment,".

(b) Section 6(b) of such Act is amended by adding at the end thereof the following: "The life insurance (including additional group life insurance) of an insured retired employee who is reemployed under conditions which do not terminate his title to annuity shall cease if he again becomes eligible to be insured as an employee. Unless he gives written notice that he desires not to be insured, the amount of life insurance which shall be paid after his death shall in no case be less than the amount which would have been paid if he had not been reemployed."

SEC. 2. (a) Section 3(a) of such Act is amended by—

- (1) inserting "(1)" after the subsection designation;
- (2) striking out "approximating his annual compensation not exceeding \$20,000";

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(3) striking out the insurance schedule included therein and inserting in lieu thereof the following:

"If annual compensation is—		The amount of group life insurance shall be—	The amount of group accidental death and dismemberment insurance shall be—
Greater than—	But not greater than—		
0	\$750	\$1,000	\$1,000
\$750	1,500	2,000	2,000
1,500	2,250	3,000	3,000
2,250	3,000	4,000	4,000
3,000	3,750	5,000	5,000
3,750	4,500	6,000	6,000
4,500	5,250	7,000	7,000
5,250	6,000	8,000	8,000
6,000	6,750	9,000	9,000
6,750	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	26,500	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".

(4) by adding at the end of such subsection the following:

"(2) In addition to the insurance referred to in paragraph (1), each employee insured under this Act shall have additional group life insurance and accidental death and dismemberment insurance in the amount of \$2,000."

(b) Section 4 of such Act is amended by inserting after the words "accidental death insurance" the words "(including additional group life and accidental death insurance)".

(c) The first sentence of section 6(b) and the first sentence of section 6(c) of such Act are amended by inserting after the words "life insurance" the words "(including additional life insurance)".

(d) Section 6(b) of such Act is further amended by inserting after the words "such insurance" in the first sentence thereof a comma and the words "other than additional group life insurance".

SEC. 3. (a) The first sentence of section 5(a) of such Act is amended to read as follows: "During any period in which an employee is insured under a policy of insurance purchased by the Commission as authorized in section 7 of this Act,

there shall be withheld from each salary payment of such employee, as his share of the cost of his group life and accidental death and dismemberment insurance, an amount determined by the Commission, to be at a biweekly rate, adjusted to the nearest cent, equal to three-fifths of the level cost of the insurance provided: *Provided*, That an employee who is paid on other than a biweekly basis shall have an amount so withheld, determined at a proportionate rate, which rate shall be adjusted to the nearest cent."

(b) Section 5(b) of such Act is amended by striking out "Commission, but not to exceed one-half the amount withheld from the employee under this section" and inserting in lieu thereof "Commission equal to two-fifths of the level cost of the insurance provided".

SEC. 4. (a) The amendments made by the first section of this Act shall take effect on the first day of the first pay period which begins after the date of enactment, and shall be applicable in any case in which reemployment commences on or after such day, or in which reemployment commenced but has not terminated prior to such day.

(b) For the purpose of determining the amount of insurance payable for the death or dismemberment of any officer or employee, the amendments made by paragraphs (1), (2), and (3) of subsection (a) of section 2 of this Act shall take effect on the date of enactment of this Act, but shall have no effect in the case of any officer or employee who died, or was finally separated or retired prior to such date. The amendments made by the remaining provisions of section 2 shall take effect the first day of the first pay period which begins not less than sixty days after the date of enactment, but shall have no effect in the case of any officer or employee who died, or was finally separated or retired prior to such date.

(c) For the purpose of determining the amounts to be withheld from an employee's salary or contributed from the respective appropriation or fund, the amendments made by sections 2 and 3 of this Act shall take effect on the first day of the first pay period which begins not less than sixty days after the date of enactment.

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

RALPH R. ROBERTS, *Clerk.*

