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# SAVING SOCIAL SECURITY: EXPANDING BENEFITS AND DEMANDING THE WEALTHY PAY THEIR FAIR SHARE OR CUTTING BENEFITS AND INCREASING RETIREMENT ANXIETY

## HEARING

BEFORE THE

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THURSDAY, JUNE 9, 2022

# SAVING SOCIAL SECURITY: EXPANDING BENEFITS AND DEMANDING THE WEALTHY PAY THEIR FAIR SHARE OR CUTTING BENEFITS AND INCREASING RETIREMENT ANXIETY

**THURSDAY, JUNE 9, 2022**

U.S. SENATE,
COMMITTEE ON THE BUDGET,
*Washington, D.C.*

The Committee met, pursuant to notice, at 11:00 a.m., via Webex and in Room SH–216, Hart Senate Office Building, Hon. Bernard Sanders, Chairman of the Committee, presiding.

Present: Senators Sanders, Wyden, Whitehouse, Warner, Van Hollen, Padilla, Graham, Grassley, Crapo, Braun, Scott, and Romney.

Staff Present: Warren Gunnels, Majority Staff Director; and Nick Myers, Republican Staff Director.

## OPENING STATEMENT OF CHAIRMAN SANDERS

Chairman SANDERS. Okay. Let us get going.

Today we have a hearing on a subject that is of enormous interest to, I think, almost every American, and that is the future of Social Security in our country. And let me thank all of our panelists for being with us, and let me thank the Senators who I know are going to be filtering in as the hearing progresses.

My understanding is that Ranking Member Lindsey Graham has a scheduling conflict and will be making his opening statement after our witnesses testify. Is that right? Okay.

Social Security is, I think, as everybody knows, one of the most popular and successful government programs in the history of our nation. For more than 80 years, in good times and bad, Social Security has paid out every benefit owed to every eligible American, on time and without delay, and I think it is important to make that point. We live in a moment of great insecurity, and yet Social Security, since its inception, has never failed the American people and remains a program enormously important to them and one that they can rely upon.

Not once, over more than eight decades of operation, not during the pandemic that we are in, not during the Wall Street crash has anyone ever received a letter or a phone call from the Social Security Administration saying, "Sorry, the economy is not doing well. We need to cut your benefits." It never happened, and if I have anything to say about it, it never will happen.

Today, while many people take Social Security for granted—it has been around for a long time—let us remember before Social Security was created in 1935, about half of our nation's seniors were living in poverty. Today, though, the poverty rate is still too high for seniors. That rate is just 8.9 percent—50 percent before Social Security, less than 9 percent today. Got to do better, but that is a significant improvement. Without Social Security, it is estimated that some 22 million Americans, including more than 16 million seniors, would be living in poverty.

Yet, despite this important success, we should be clear that tens of millions of senior citizens are still struggling today to make ends meet, and many older workers are scared to death, literally frightened to death, that they will never be able to retire with any shred of dignity.

According to the most recent data that I have seen, 12 percent of seniors in America are trying to live on an income of less than $10,000 a year. Got that—12 percent less than $10,000 a year. I do not know how anyone can live, seniors or otherwise, on less than $10,000. And equally important, 55 percent of seniors are trying to survive on less than $25,000 a year. Think about that. And when you are a senior you are dependent on prescription drugs and health care, trying to keep your home warm. Trying to make it on $25,000 a year, that is more than half of the seniors in America.

Adding insult to injury—and this is an enormously important point that I think we do not make often enough—about half of older Americans, those who are 55 years of age and older, have no retirement savings. Got that? You are 55 years of age in America, you have worked your whole life. You have got zero in the bank for when you retire. And they are dependent on a Social Security benefit today that is less than $1,540 a month, on average.

Now despite what some politicians have been saying for years, Social Security today is not on the line to go broke. Social Security has a $2.85 trillion surplus in its trust fund, and can pay out every benefit owed to every eligible American for the next 13 years. Okay? Social Security can pay out all your benefits for the next 13 years. But what the actuaries want, what I want, what I think most people want is more than 13 years. The actuaries talk about 75 years being the kind of number that we should have as we go forward.

After that, after that 13 years, the Social Security Administration estimates that there will be enough funding available to pay 80 percent of promised benefits. So you have got all benefits for the next 13 years, 80 percent after that.

Now given that reality, our job, in my view, is not to cut Social Security, is not to raise the retirement age, as many of my Republican colleagues would have us do. Our job is to expand Social Security so that everyone in America can retire with the dignity that he or she deserves, and that every person in this country with a disability can retire with the security they need.

And that is what the Social Security Expansion Act that I have introduced today, along with Senators Warren, Whitehouse, Merkley, Van Hollen, Padilla, Booker, and Gillibrand is all about. This legislation has been endorsed by many, many organizations, including the AFL–CIO, the Alliance for Retired Americans, Social

Security Works, the National Committee to Preserve Social Security and Medicare, the American Federation of Teachers, and many, many other organizations.

According to a letter—and this is an important part of what this hearing is about today—according to a letter that I received from the Social Security Administration this morning, this legislation will fully fund Social Security for the next 75 years and expand benefits for senior citizens and people with disabilities.

Now how do we do that? How do you expand benefits and make Social Security solvent for the next 75 years, which is, I think, what the American people want? Well, the answer is not complicated. At a time of massive income and wealth inequality, at a time when billionaires pay an effective tax rate lower than the average working person, at a time when the very richest people in this country are becoming much richer, this legislation demands that the wealthiest people in this country start paying their fair share of taxes.

Today, absurdly and grossly unfairly, there is a cap on income subject to Social Security taxes. That cap is now about $147,000 a year. Now what does that mean? It means that if you are a multibillionaire, you pay the same amount of money into Social Security as someone who makes $147,000 a year. Got that? It means that if you make $147,000 a year you pay 6.2 percent of your income in Social Security taxes. But if you make 10 times more than that, $1,470,000, you pay 6/10ths of 1 percent of your income in Social Security taxes. All of this is taking place at a time of massive income and wealth inequality. Now that may make sense to somebody. It does not make sense to me.

Our legislation applies the Social Security payroll tax on all income, including capital gains and dividends, for those who make over $250,000 a year. Under this legislation, 93.6 percent of households would not see their taxes go up by one penny, so the overwhelming majority of the American people would not see any increase in their taxes under this proposal. The tax increase in our legislation only applies to the wealthiest 6.4 percent of all Americans, those who make $250,000 a year or more.

Further and importantly under this bill, Social Security benefits would be increased by $2,400 a year for both new and existing recipients, lifting millions of seniors out of poverty. In addition, under this bill we would increase cost of living adjustments (COLA) for senior citizens by more accurately measuring the spending pattern for senior citizens through the Consumer Price Index (CPI) for the Elderly.

One of the reasons that I called this hearing, and I am glad that Senator Graham has been able to be here, is that there is, in fact, a strong philosophical difference between many of us in the Democratic caucus and many in the Republican caucus, as to the best way forward with regard to Social Security, and that is kind of the discussion we are going to have today.

While virtually all members of the Democratic caucus are on record in support of expanding Social Security benefits, the Republicans, by and large, have taken a very different approach. And I am delighted, and I hope they will show up, that some of the Republicans who have taken strong positions on this issue—I see Senator Romney is here, and I am glad that is the case; I look forward to hearing from him—that some of the Republicans who have taken strong positions on this issue are on this Committee. And I know that they are going to be explaining where they come from, and I look forward to that debate.

Earlier this year, Senator Rick Scott, the Chairman of the National Republican Senatorial Committee, released a plan that would sunset Social Security every five years, raise taxes on millions of seniors, and jeopardize the guaranteed income of 65 million Americans who depend on Social Security.

Just a few months ago, the Republican Study Committee in the House introduced a bill that would raise the Social Security retirement age to 69 years of age, over the next 8 years, and privatize Social Security by allowing employers to divert payroll tax dollars into less-generous private retirement accounts.

Last year, Senator Romney, who is here with us, who has opposed raising taxes on the wealthy to strengthen Social Security, introduced legislation to form a committee to propose cuts to Social Security behind closed doors.

In 2020, Senate Republican Leader Mitch McConnell told a Bloomberg reporter that, quote, he "hopes to work with the next Democratic President to trim Social Security, Medicare, and Medicaid," end quote.

In 2011, my colleague, Senator Graham, introduced legislation to raise the full retirement age to 70 by 2032, and index it to longevity. Further, in 2003, Senator Graham introduced a bill that would have cut Social Security benefits for current wage earners by 27 percent, according to the Center on Budget and Policy Priorities.

Now as I think everybody knows, I do not often agree with former President Donald Trump, but this is what he said when he was campaigning for President in 2015, and he was right. He said, quote, "Every Republican"—this was in the Republican primary—"Every Republican wants to do a big number on Social Security, they want to do it on Medicare, and they want to do it on Medicaid," end quote.

Well, let me be clear, we cannot allow that to happen. The vast majority of the American people understand that a moral society does not give tax breaks to billionaires and then cut back on the needs of struggling seniors or people with disabilities. In fact, 72 percent of Americans support increasing, not cutting, Social Security benefits by asking millionaires and billionaires to pay more into the system.

So that is where we are right now. It is a great philosophical difference. I look forward to the debate. Some of us think that the very wealthiest people in this country are doing extraordinarily well, and should, in fact, be asked to pay more into Social Security so we can protect millions of low-income and struggling seniors. Others disagree.

And with that I am glad that Senator Graham has been able to come. Senator Graham.

## OPENING STATEMENT OF SENATOR GRAHAM

Senator GRAHAM. Number one, Mr. Chairman, I think this is a hearing worth having, and I take a different view about how to save Social Security. Mine is more realistic, yours is a fantasy, but the problem is real. And you are good man. You are consistent. Every time there is a problem, tax the rich. Count me in for more revenue. We are going to need more revenue. But if you think taxing the wealthy is going to save Social Security, you are wrong.

So where are we with Social Security? By 2034, according to the recent Trust Fund Report, the money in Social Security will require us to reduce benefits so that you can get only 77 percent of the benefits you are owed because we are paying out more than we are taking in. That is a fact. It slipped a year, but we are on a glidepath where, over time—Senator Romney knows this—the money being paid in and the money taken out does not add up, and if you do not do something now you are going to have a draconian choice of cutting benefits and raising taxes to keep the thing afloat.

But here is the good news. We have got some time if we act together. And here is the model I would suggest: The Reagan-O'Neill model. I think it was in the '80s, the Greenspan Commission was formed by President Reagan. Tip O'Neill and Ronald Reagan were known to have a drink together, and apparently during one of those discussions they said, "Well, let's do something about Social Security because it is going broke." So they got Alan Greenspan and a bunch of folks to come up with some ideas. They did a little more on the revenue side. But they adjusted the age of retirement, over time, from 65 to 67.

I just got my first Social Security check a few months ago. I was eligible 66, I think, and two months. In my case, when I was 21 and 22, my mom and dad died within about 15 months of each other. I had a 13-year-old sister. We moved in with an aunt and uncle who worked in textile plants in South Carolina, and probably never made over $30,000 in their life. The survivor benefit portion of Social Security for my sister, until she got to 18, really helped us get by.

Now I am 66, soon will be 67. I have a good salary, I have a military retirement, and I have a congressional pension plan. If you asked me to take a little less to save Social Security for people who need it more than I do, count me in. And it is going to take that kind of commitment from all of us. The wealthier people are going to have to take a little less in benefits. Younger people are living longer, so we are going to have to adjust the age probably once again.

But here is the fact. In 1955, when I was born, there were 8.6 workers for every retiree. In 1990, there were 3.4. In 2022, there are 2.8. By 2050, there are 2.2. Senator Romney has done everything he can, personally, to save Social Security. If you ever go to a Romney family reunion you will see a lot of people going to pay into Social Security. I have let you down. I am not married with no kids. It is people like me screwing this thing up.

So the bottom line here is that we have fewer people working for the number of people retired, and if that does not create a problem then I think you are missing the point. And 2.2 people by the middle of the century are not going to generate the amount of money necessary to keep the fund solvent if we do not make some changes.

So what are the changes that Simpson-Bowles, the Gang of Six, bipartisan people have looked at? Adjusting the age of retirement, increasing revenue, and trying to make the benefit structure more efficient.

So I do not need a lecture about Social Security. I understand the value of the program, because when I was 22, when I lost both of my parents and had a 13-year-old sister to take care of, the money really mattered. It matters to a lot of people on retirement as their primary source of income.

I am at a stage now where it would not change my lifestyle to have a smaller COLA, for me, maybe none at all but smaller for sure, and to restructure the benefit schedule so the money will be there for people who need it more than I do.

I do not know how to solve this problem without all of us working together. I know that what Ronald Reagan and Tip O'Neill did in the 1980s worked for a while. We have got to do that again. They did not go to the approach of Senator Sanders of just taxing the wealthy because it is not going to work as a standalone proposition.

So the country is in a world of hurt. Our financial house is not in order. By 2031, we will have $2 trillion in annual deficits. The national debt, by 2032, will be $40 trillion. By 2052, debt-to-GDP will be 185 percent. That is a separate problem from Social Security, but Social Security is sort of consumed in that.

Now the Trustee Report assumed something about the viability of the trust fund, Mr. Chairman. They assumed about a 3.5 percent inflation rate. Well, we know now that that is not exactly what is going on. Interest rates are going up. Inflation rates are at 8 percent. Every increase in interest rates is about $200 billion debt service. So we are on a trajectory now where inflation is higher than anticipated, which puts stress on the trust fund. Interest rates are going up, which will put stress on the economy.

So what I propose we do is have this discussion—you can blame us if you would like, but you are not going to be able to blame me for not caring, because I do. And I will challenge your assumptions about how to save the system, understanding you are a patriotic American and you want to do what you think is best. But in your world, where all the bad guys—and you have figured this out—you have not figured it out. What you are selling does not work, and we will have a good discussion about what will work. It will be bipartisanship. It will not be the Sanders plan. It will not be individual private accounts. That might be part of the mix. Who knows?

The bottom line is we are going to have to make some hard decisions. I stand ready to make those hard decisions. Senator Romney has been terrific. Senator Romney wants somebody outside of politics to give us some information, like we have with Simpson-Bowles, like we have with the Gang of Six, to adjust Social Security and stop it from running out of money by 2034, and having to reduce benefits. And I think he and others on our side, and people on your side, quite frankly, are willing to do this.

And I would invite President Biden to be part of it. I would love to be able to sit down with the Administration and see if we could recreate the momentum for Simpson-Bowles or the Gang of Six, where we put on the table something of everything, where everybody has to give a little bit to save the system worth saving.

So this is an election year issue. Great. I think it needs to be talked about, and we are going to talk about it in terms on our side that is a little more holistic than just tax the rich.

Thank you.

Chairman SANDERS. Thank you, Senator Graham, and I look forward to this discussion.

We have an excellent panel with us, and following this panel we are going to hear from Mr. Stephen Goss, who is the Chief Actuary with the Social Security Administration, to tell us where we are at and what the plan that I have proposed would mean for the future of Social Security.

We have five great panelists with us. We are going to begin with Ms. Nancy Altman. Ms. Altman is President and Co-Founder of Social Security Works. She also chairs the board of directors of the Pension Rights Center. Ms. Altman is a member of the Social Security Advisory Board, an independent government agency to which she was appointed by Speaker Pelosi.

Ms. Altman, thanks very much for being with us.

## STATEMENT OF NANCY J. ALTMAN, PRESIDENT, SOCIAL SECURITY WORKS

Ms. ALTMAN. Chairman Sanders, Ranking Member Graham, and members of the Committee, thank you, Chairman Sanders, not only for holding this crucially important and aptly named hearing but also for your authoring the Social Security Expansion Act. It is legislation that greatly increases the economic security of all working families, including the economic security of every single one of Social Security's more than 65 million beneficiaries.

As every Trustees Report makes clear, whether to expand benefits or cut them is a matter of values, not affordability. At the end of the century, Social Security is projected to cost less than 6 percent of gross domestic product. To put that 6 percent in perspective, spending in response to COVID has amounted to over 27 percent of GDP.

At the height of the Vietnam War in 1967, we spent more than 9 percent of GDP on the military. Moreover, our nation will be much wealthier at the end of the 21st century, just as we are wealthier now than we were 75 years ago. That means that the around 6 percent of GDP will be easier to afford in the future.

Importantly, Social Security does not, and, by law, cannot add even a penny to the deficit.

As polarized as Americans are over many issues, your constituents agree about Social Security. Poll after poll finds that an overwhelming majority of Americans, Republicans as well as Democrats and independents, believe that Social Security is more important than ever. They strongly oppose any and all cuts. They want to see benefits expanded, and they want the wealthiest to pay their fair share.

What the American people want is extremely wise policy. Social Security ensures workers' wages against risks that confront us all. Rich or poor, any of us can die prematurely, leaving young children. Rich or poor, any of us can suffer a disabling accident or illness. Rich or poor, all of us hope to live to old age. Social Security protects us against all of these financial risks through its life insurance, disability insurance, and joint and survivor retirement annuities. It does it more efficiently, securely, universally, effectively, and fairly than its private sector counterparts. But it does not do so adequately.

The Social Security Expansion Act is a solution. The nation is facing a retirement income crisis. Expanding Social Security is the answer. Expanding Social Security, while requiring the wealthiest to pay more, is also part of the answer to the nation's rising destabilizing income and wealth inequality, which President Obama called the "defining challenge of our time."

The Social Security Expansion Act substantially increases Social Security's modest benefits. It not only pays for every penny of improvements but also ensures that Social Security benefits can be paid in full and on time for three-quarters of a century and beyond. It does so while imposing not one penny of additional cost on anyone earning under $250,000. The legislation is profoundly wise, though I believe benefits should be expanded more, and multi- millionaires and billionaires be required to pay more.

Congress has not expanded Social Security benefits in half a century. President Roosevelt called Social Security "a cornerstone in a structure which is being built but is by no means complete." For the first 35 years, Congress expanded Social Security every few years, but it has not expanded those benefits in half a century.

It is time to act. Congress must address Social Security in the sunshine, through regular order, as it always has. That way, the American people will know where their elected representatives stand. An excellent place to start is a vote in the Senate before November on the Social Security Expansion Act. Thank you.

[The prepared statement of Ms. Altman appears on page 37.]

Chairman SANDERS. Ms. Altman, thank you very much.

Our next panelist is Mr. Robert Roach, Jr. He is the President of the Alliance for Retired Americans and former General Secretary-Treasurer of the International Association of Machinists and Aerospace Workers. Mr. Roach has served as an auditor for the International Trade Union Confederation, and is a board member of the Pension Rights Center.

Mr. Roach, thanks very much for being with us.

**STATEMENT OF ROBERT ROACH, JR., PRESIDENT, ALLIANCE FOR RETIRED AMERICANS**

Mr. ROACH. Good morning. My name is Robert Roach. I am the President of the Alliance for Retired Americans and a former General Secretary Treasurer of the Machinists Union. Our organization has 4.4 million American retirees, and we are represented in 39 separate states.

We believe categorically that the importance of improving Social Security cannot be overstated, because the index for determining cost-of-living adjustments has not kept pace with inflation. People on Social Security are suffering and unable to be self-sustaining. We need improvements because older Americans today are hurting.

I have seen examples firsthand. On many occasions when seniors go to the checkout counter at the supermarket, and buying the same type of items that they bought for years, can no longer afford them and have to put food back on the shelves.

Seniors are having to make decisions between food and medicine on a daily basis. These are just a few examples that clearly underline the country's desperate need to expand Social Security benefits.

I will add that after 40 years of work and playing by the rules, my retirement benefit from the airlines, Trans World Airlines (TWA) and American Airlines, is $311 a month—$311 a month—and tens of thousands of people that I work with are now functioning with $300 to $500 a month and are depending on Social Security just to make ends meet.

In addition, seniors who are in financial difficulty are depending on their children for financial help and to provide medical assistance. This is stifling our younger people. We are creating a generation, the next generation, of poor people.

Attached to my statement is a statement from Ms. Kristina Brown, who had opportunities to go to Ivy League colleges on scholarship, and who had many opportunities to advance herself to become a doctor. She had to stop going to school, borrow money to pay the mortgage on the family home because her parents, her mother, was not self- sustaining as a result of many issues. We must do something, Senator Sanders.

Women who take on the role of their families, people like her sister, both people, played by the rules and did what they were supposed to do, cannot be self-sustaining.

Given the decline of traditional pension plans and the inability to accumulate savings because of stagnant real wages, greater numbers of Americans rely on Social Security in retirement. In fact, nearly 50 percent of retired Americans today rely on Social Security for half of their income, while one in seven over the age of 65 do so for 90 percent of their income.

Moreover, Social Security benefits are not keeping pace with inflation. The Social Security cost-of-living adjustment is inadequate and not representative of the true measure of inflation that seniors face in what they buy.

As of April, the average monthly Social Security benefit for a retired worker was a modest $1,666.

And as we saw in the Social Security and Medicare Trustees Report released just last week, Social Security will be able to afford scheduled payments until 2034, at which point the fund's reserves will be depleted, and payroll taxes will cover just 77 percent of what is owed.

Senator Sanders' legislation, the Social Security Expansion Act, which the Alliance strongly supports and is proud to have formally endorsed, addresses these challenges by doing the following: extending the solvency of Social Security by requiring the wealthiest of American households to pay their fair share of Social Security taxes; expanding Social Security benefits across-the-board; increasing cost-of-living adjustments by adopting the Consumer Price Index for the Elderly, CPI–E; updating the Special Minimum Benefit for Social Security recipients by making it easier to qualify, assisting low-income workers to stay out of poverty.

The Alliance has also endorsed Connecticut Congressman John Larson's legislation in the House, H.R. 5723, Social Security 2100: A Sacred Trust Act, which also makes Social Security even stronger and repeals the Windfall Elimination Provision and Government Pension Offset, both of which unfairly claw back the Social Security benefits of workers, their spouses or survivors if they work for a period of time in jobs not covered by Social Security.

The time to expand Social Security is now.

I want to once again thank the Committee for inviting the Alliance to participate in today's important hearing. The Alliance stands ready to work with the Senate and the House in any way possible to improve benefits for retired Americans. Thank you.

[The prepared statement of Mr. Roach appears on page 46.]

Chairman SANDERS. Mr. Roach, thank you very much.

Our next panelist is Mr. Alex Lawson, who is the Executive Director of Social Security Works, the convening member of the Strengthen Social Security Coalition, a coalition made up of over 340 national and state organizations, representing over 50 million Americans.

Mr. Lawson, thanks very much for being with us.

**STATEMENT OF ALEX LAWSON, EXECUTIVE DIRECTOR, SOCIAL SECURITY WORKS**

Mr. LAWSON. Thank you, Chairman Sanders, Ranking Member Graham, and other members of the Committee. I am going to do a bit of a history lesson, I think.

In 1935, Democratic President Franklin Delano Roosevelt signed the Social Security Act into law, and for the next 87 years Social Security has never missed a single payment.

Everybody loves Social Security. Everybody. I have been all over this country taking about Social Security, and I can tell you it does not matter if it is a roomful of camo NRA hats, or a parking lot full of electric vehicles, everybody loves Social Security.

That is not actually totally true. Not everybody. There has always been a sliver, a tiny splinter group, a vanishingly small number of people who hate it with every fiber of their being. These are Wall Street people. They see the trillions of dollars the system has put in the pockets of the American people and they say, "Hey, I want that money in my pocket." And as there are money men who hate Social Security, there are politicians willing to say, "How high?" at their commands to jump.

The first was named Alf Landon. In 1936, he ran against FDR on an explicitly anti-Social Security platform. He called it a hoax, a fraud. He said it was filled with worthless IOUs that would never get to the people. And yet 87 years later, and $11 trillion later going to the people, Social Security is still here, making payments every month, like clockwork, and Alf Landon is only remembered as the man who lost 48 states when he ran for President.

After that, for the next few decades, the majority of Republicans understood Social Security as a birthright and a cornerstone of economic security for all Americans, not a partisan football. My favorite is President Eisenhower, in a letter to his brother saying this: "Should any party attempt to abolish Social Security you will not hear of that party again in our political history."

There is a tiny splinter group, of course, that believes you can do these things. Their number is negligible, and they are stupid. But unfortunately that greedy splinter faction never stopped plotting, and that faction today has taken over the entire Republican party.

Ronald Reagan was possibly the last Republican president who was not totally under their sway, and he stated, with clarity, "Social Security has nothing to do with the deficit. Social Security is totally funded by the payroll tax levied on employer and employee. If you reduce the outgo of Social Security that money would not go into the general fund to reduce the deficit. It would go into the Social Security trust fund. So Social Security has nothing to do with balancing the budget or lowering or erasing the deficit."

But the splinter group has patience and money, lots of money, and politics loves money. So after the 1983 reforms, they began waging a new type of war against Social Security, the main tactic being lying to the face of the American people about what it is they are doing.

So now you will never hear from Republicans that they want to destroy Social Security. You will never hear that they want to cut benefits. In fact, they always start their assaults on Social Security with protestations of love. "I love Social Security. I am just worried it is not going to be there for us in the future."

The goal of this is to convince people that they are going to get nothing so that they will accept less than they are owed. They cloak their attacks under new monikers. George W. Bush called for just handing our Social Security over to Wall Street. He called it privatization, but again, it is just destruction. Just destroy Social Security.

Imagine if George W. Bush had given our Social Security to Wall Street in 2006, two years before Wall Street collapsed the world economy, and we saw 401(k)s turned into 201(k)s. Social Security would be gone if he had gotten his way.

And it was not just him. The entire Republican Party was complicit. Senator Ron Johnson said as recently as 2015, that it was a shame the Bush plan to destroy Social Security did not succeed. Senator Lindsey Graham, who supported the privatization effort too, has proposed a bill cutting Social Security benefits by 21 percent. He hides that policy by saying he is raising the retirement age.

Senator Graham just laid out that the problem with Social Security is that if nothing happens, benefits are going to go down 23 percent. But Senator Graham's solution is to cut benefits by more than that. So that is not a solution, that is just the problem sooner.

And that is not an outlier. The Republican platform, in 2016, says with coded language the plan is to cut benefits and hand over Social Security to Wall Street. "As Republicans, we oppose tax increases and believe in the power of markets to create wealth," is what it says.

Senator Romney recently tried to get an up-or-down vote in the dead of night on his so-called TRUST Act, which would create an undemocratic, fast-tracked, closed-door process to cut Social Security. They know it is so toxic to talk about what they want, they tried to legally create a smoky back room where they can figure out the best way to rob people of their earned benefits.

Which brings us to the current Republican agenda, as set out by Chairman of National Republican Senatorial Committee, Senator Rick Scott.

Senator ROMNEY. Your time is up.

Mr. LAWSON. I am sorry. Can I have 30 more seconds, Senator?

Senator GRAHAM. Sure.

Mr. LAWSON. I will have to give this plan faint praise because at least it has a hint of honesty about it. Senator Scott's plan would sunset Social Security in five years. Rick Scott is the modern-day Alf Landon. He hates Social Security and wants to eliminate it, but even he is not brave enough to say that, and calls it sunsetting.

In fact, the Republican who was most honest was Donald Trump, who Bernie Sanders brought up, who said that all the Republicans want to do a big number on Social Security.

Chairman SANDERS. Okay. Mr. Lawson, it is time. Thank you.

Mr. LAWSON. Thank you.

[The prepared statement of Mr. Lawson appears on page 52.]

Chairman SANDERS. Our next panelist is Ms. Maya MacGuineas, who is President of the Committee for a Responsible Federal Budget. Her areas of expertise include budget, tax, and economic policy.

Ms. MacGuineas, thanks very much for being with us.

## STATEMENT OF MAYA MACGUINEAS, PRESIDENT, COMMITTEE FOR A RESPONSIBLE FEDERAL BUDGET

Ms. MACGUINEAS. Thank you. Thank you for inviting me here today to talk about the importance of making Social Security solvent, and various ways to do so. I will briefly touch on three things, that are done more in-depth in my written testimony. But I would like to talk about Social Security's financial condition, the cost of waiting to fix the program, and some of the objectives for reform.

First, as we have already talked about, the most recent Trustees Report tells us that Social Security is headed towards insolvency. Of course, that is not news. We have known this for more than 30 years, and yet in that time we have basically done nothing to make the program shored up so that it is financially solvent.

We now have a situation where the combined trust funds will be insolvent by around 2035, when today's 54-year-olds reach full retirement age. So the one thing we know that increases anxiety is uncertainty, and that is what people have today about the future of Social Security.

Upon insolvency, all beneficiaries, everyone, millionaires, and people who depend on Social Security for their entire livelihood will receive benefit cuts across the board 20 percent, and that will grow over time. So I can point to a lot of good proposals over the years. This is clearly not one of them.

Every year we wait, and that we have waited, has made the changes more difficult and more painful. In 2010, you could have achieved 75-year-solvency by eliminating the taxable maximum, or price indexing benefits. Today, neither of those will be sufficient. In 2010, the Simpson-Bowles plan was going to phase in all of its policies over 40 years. Today, this same type of plan would have to be phased in in 5 to 10 years. So continued delay will make the needed changes even large while giving participants even less time to prepare.

So what should the goals of reforming the system be? There are plenty of different objectives, and that is part of the reason we should have compromise. What I believe needs to happen is that we need to make the program solvent before we expand benefits. I think we need to protect those who depend on the program. I think we should make changes that encourage economic growth wherever possible.

And finally and importantly, I think we have to think about this comprehensively, so recognizing that Social Security is one of many national priorities and that acknowledging that there are tradeoffs between funding for Social Security versus other priorities, such as investment in children, climate, national security, and many other priorities.

As to the first objective, there are plans out there that would expand benefits and fail to make Social Security solvent. This is akin to saying to seniors, “We will promise you even more while we know that we cannot even pay you what we have already promised.” This is dangerous and it is disingenuous.

Second, I think it makes sense to make these changes progressively, and the options to do this include things like lifting the tax cap, means testing, progressive price indexing, and/or adding minimum benefits along with other changes to enhance solvency.

On this objective, I find it really hard to understand those who advocate more taxes on the rich while ruling out slowing the growth of benefits for the same people. Changes will have to be made. If wealthy beneficiaries are held harmless, others will have to face more in benefit reductions or pay more in taxes. And the more we do this by raising our taxes, rather than reducing benefits, the less revenue from that group will be available for other priorities. You can only tax millionaires and billionaires so many times.

Another useful objective is to include changes that create incentives for work, savings, and growth. This is particularly important because of economic challenges we face because of the aging of the population.

Finally, it is very important to look and think about Social Security in the context of the full budget as well as an independent program. Already the Federal Government spends roughly $6 per senior on every $1 it spends for children. So we need to think holistically about whether we want to widen that gap or we want to narrow that gap.

There is both a financial and a political budget constraint in overall spending, and by contemplating programs in isolation you bypass the consideration of those tradeoffs. The right and the best way to start this discussion is to pass a budget.

In my written testimony, I include a list of options and links to our interactive tool, the Social Security Reformer, which you can use to craft your own plan. Many Members of Congress and citizens have used it to weigh in on how they would like to fix the program.

In the past, we have worked to develop a number of plans and worked with Members of Congress to do so. Right now, processwise, I think the single best idea out there is the TRUST Act. Senator Romney has worked on this and it is bipartisan and bicameral. And what is so appealing about it is that everything is on the table. In order to get out of the special committees that would look at how to save these programs, the proposals have to be bipartisan, and you would still have the same threshold in the Senate to pass any reforms.

So there is no single right way to make Social Security solvent. However, the wrong thing to do is to continue to do nothing. So we would be delighted to work with any office that is interested in working on Social Security to develop a plan for solvency. We would be particularly interested to do so that anybody is willing to do it on a bipartisan basis.

Thanks again for having me here today.

[The prepared statement of Ms. MacGuineas appears on page 61.]

Chairman SANDERS. Ms. MacGuineas, thank you very much.

Mr. Shai Akabas—is that—did I get it right?

Mr. AKABAS. A-KA-bas. It is a tough one.

Chairman SANDERS. Is it AK-a-bas?

Mr. AKABAS. A-KA-bas.

Chairman SANDERS. Mr. A-KA-bas, okay, is the Director of Economic Policy at the Bipartisan Policy Center. Mr. Akabas has conducted research on a variety of economic policy issues, including the Federal budget, retirement security, and the financing of higher education.

Thanks very much for being with us.

**STATEMENT OF SHAI AKABAS, DIRECTOR OF ECONOMIC POLICY, BIPARTISAN POLICY CENTER**

Mr. AKABAS. Thank you, Mr. Chairman, Ranking Member Graham, and distinguished members of the Committee. I appreciate you having me here to testify today about the long-run sustainability and efficacy of Social Security. I commend the Committee for focusing on this critical issue.

My name is Shai Akabas, and I am the Director of Economic Policy at the Bipartisan Policy Center, a nonprofit organization founded in 2007, by four former Senate majority leaders—Howard Baker, Tom Daschle, Bob Dole, and George Mitchell. Our organization combines the best ideas from both parties to promote health, security, and opportunity for all Americans.

Social Security serves as the foundation upon which most Americans build their lives in retirement. For 85 years, it has paid out benefits to people with disabilities, older people, and their family members, lifting millions of households out of poverty and providing essential financial support.

But Social Security faces a serious challenge. The benefits being paid out are outpacing the program's income, which primarily comes from payroll taxes. The recently released 2022 Trustees Report underscores this fact, projecting that the Old-Age and Survivors Insurance Trust Fund, or OASI, is on track to deplete its reserves in 2034.

My testimony will summarize the ominous outlook facing Social Security today and highlight a package of bipartisan reforms that could address these challenges.

I hope our conversation leaves you with the following takeaways.

Number one, time is running out. To address this problem, Congress must act quickly and in a bipartisan fashion. Delaying necessary reforms will only serve to make them more politically difficult and cause added uncertainty for workers and retirees.

Two, there is no silver bullet. Several factors play into Social Security's financial imbalance, requiring a nuanced and thoughtful package of reforms.

Three, enhancing Social Security benefits—particularly for those who most rely on them in retirement—and putting the program on a fiscally sustainable path are not mutually exclusive. Rather, tackling both goals simultaneously will be vital to garner the necessary bipartisan support.

For several decades starting in the 1980s, Social Security's income exceeded its expenses, which led to a large buildup in the program's OASI Trust Fund. Unfortunately, that dynamic has flipped, and annual benefits now exceed dedicated revenue, a situation that is projected to persist indefinitely. After the OASI Trust Fund runs out of reserves in 2034, incoming revenue will only cover 77 percent of the program's obligations, resulting in abrupt benefit cuts that would be devastating for many beneficiaries.

The recent Trustees Report contains some sobering conclusions. To ensure solvency of the combined trust funds through the 75-year projection period, Congress would need to immediately raise the payroll tax rate by more than 3 percentage points; reduce benefits for all current and future beneficiaries by around 20 percent, or adopt some combination of these approaches. If policymakers wait, much larger changes will be required.

The alternative is an unprecedented departure from the pay-as-you-go structure of Social Security, with Congress to begin allowing the program to permanently draw from general government revenue. This would sacrifice Social Security's special status as a program walled off from the rest of the budget, making it compete for resources with other priorities at a time when the nation's fiscal house is already in rough shape. This would be irresponsible policymaking.

Before outlining possible solutions I want to describe the two principles that must guide any reforms to the program.

One, acting as soon as possible is paramount. The longer Congress waits to strengthen Social Security's finances, the more drastic the changes will have to be, and the more burden will fall upon those who played little or no role in creating the imbalance facing the program today. The lack of action by policymakers is also especially unfair to the millions of Americans who are trying to plan for their retirement. Failing to enact reforms will simply kick the can down the road, pushing responsibility for a long- term solution onto future lawmakers, who will have to decide between inconceivable benefit cuts, impractical tax increases, or the abandonment of the program's historical financing mechanism.

Number two, any legislative action must garner significant bipartisan support. Working across the aisle is not only generally best practice for enacting durable policies but also a necessity for changes to Social Security, which require a supermajority in the Senate. Lawmakers should abstain from pronouncements like "no tax increases" and "no benefit cuts," whether they apply across the board or for certain subsets of the population. Red lines such as these only put obstacles in the way of action. Social Security's financial challenge affects nearly our entire society, and the solutions will require a broad-based approach.

In 2016, BPC convened a bipartisan commission, co-chaired by former Senator Kent Conrad and Jim Lockhart, the former Deputy Commissioner of the Social Security Administration. The commission spent two years studying the status of retirement security in the U.S. and made recommendations in six key areas. One of those was "Strengthening Social Security's Finances and Modernizing the Program."

The commission's reforms were projected by the chief actuary to make Social Security solvent for 75 years and beyond, thereby avoiding the benefit cuts that are set to take effect. It would also enhance benefits for vulnerable populations and give Americans certainty about what to expect from the program as they prepare for retirement. The package tackles Social Security's financial gap through a balanced mix of new revenue and benefit restraints. I would encourage you to review their specific recommendations in my written testimony and would be glad to discuss them further during the Q&A.

Beyond making Social Security financially sound, enacting this plan would dramatically increase the progressivity of the program, reducing poverty among vulnerable populations such as low-income retirees and surviving spouses. Over a lifetime, the average household in the bottom two quintiles of earners would receive higher benefits than scheduled levels under these proposed reforms, and middle earners would receive benefits roughly at scheduled levels. Nearly all net benefit savings from the plan would come from beneficiaries in the top two quintiles of the lifetime income distribution, staying true to Social Security's mission as a social insurance program.

Although this framework represents a comprehensive approach to restoring solvency, it was recommended six years ago. Since then, the problem has grown and the time to address it has shrunk. To restore long-term solvency today, policymakers would either need to phase in these policies much more rapidly, increase the size of the proposed adjustments, or incorporate additional benefit or revenue changes.

Let me be clear. If Congress waits another six years to act it will become nearly impossible to retain Social Security's traditional structure without aggressively curtailing benefits for current beneficiaries.

Finally, I will note that BPC's commission report is far from the only solvency plan that has been proposed in recent years. In fact, several have been submitted by current Members of Congress, including Chairman Sanders. All these members deserve significant credit for putting forth credible solutions to this politically vexing challenge. But as mentioned, the ultimate fix will need bipartisan support, so while components of these proposals can be part of a package, compromise will be necessary.

I want to conclude by thanking the Committee once again for convening this hearing. Social Security's solvency often feels like an intractable problem, but with your continued leadership and bipartisan collaboration, progress is possible.

I look forward to your questions.

[The prepared statement of Mr. Akabas appears on page 68.]

Chairman SANDERS. Mr. Akabas, thank you very much for your testimony.

Let me begin the questioning with a question for Ms. Altman. As you know, I have just introduced legislation to expand Social Security benefits by $200 a month and to fully fund Social Security for the next 75 years by demanding that Americans who make more than $250,000 a year pay their fair share of taxes.

As an example of the absurdity of the current situation, just as an example, last year the CEO of Apple made over $700 million in total compensation. He pays the same amount of money into Social Security as someone who makes $147,000 a year. Does that make any sense to you, Ms. Altman?

Ms. ALTMAN. Absolutely not, and the American people are very clear about this. As I said, they are quite in agreement with what you are proposing.

Chairman SANDERS. Mr. Roach, an important point that you made in your testimony is that Social Security benefits are not adequate today to ensure retirement with dignity for every American. You note that you have seen, as I have seen, seniors put food back at the supermarket checkout because they could not afford their grocery bill.

How would the bill that we are talking about today help senior citizens be better able to live with security and dignity? What would it mean to the average person?

Mr. ROACH. It would mean a great deal, Chairman Sanders. The $2,400 a year would be of great benefit, especially for those whose only other income they have is maybe $300, $400, maybe $500 a month. They would be able to afford food, properly attain some of their prescription drugs that they are deferring at this particular point, and changing the COLA to keep pace with inflation would be extremely important, especially today where the inflation is surging. I guess everybody sees the food at the supermarket. They are surging, I mean, every day, the prices are going up. So I think in two areas your legislation would be very helpful.

I just want to add to something you said. Jeff Bezos, the chairman of Amazon, his W–2 is only $82,000. He is not even paying the $147,000. So just some information for you.

Chairman SANDERS. Mr. Lawson, what impact would raising the retirement age to 70 years of age have on workers in this country?

Mr. LAWSON. I do not want to get too in the weeds on the policy but it is not like a benefit cut. Raising the retirement age is a benefit cut, 7 percent for each year you raise it. So raising the retirement age to 70 is just a 21 percent benefit cut.

But it also has the added terribleness that it is putting the pressure not on millionaires and billionaires who are doing fine in this country but on working people, on people working on the line, teachers, people who are on their feet, back-breaking labor, saying, "Oh well, you are going to have to now work until you die." So you cannot overstate how bad that effect would be on the American people.

Chairman SANDERS. Thank you. Let me ask Ms. MacGuineas or Mr. Akabas a question, and that is does it make sense to you that somebody who makes $700 million in a given year pays the same amount of money into Social Security as somebody who makes $147,000. Ms. MacGuineas.

Ms. MACGUINEAS. So what does not make sense to me is that Social Security is not more progressive, and I think there are two ways we should think about doing that, because Social Security can only do so much without squeezing out other programs, which is what is already happening.

Chairman SANDERS. But if you could stay on answering my question. It is a simple question. Right now we have a cap of $147,000, right?

Ms. MACGUINEAS. Yes.

Chairman SANDERS. Somebody who makes $700 million pays the same as somebody who makes $147,000. Is that good policy? Does that make sense?

Ms. MACGUINEAS. So it depends on your objectives of the program. I think it makes sense to lift that tax cap, and I also think it makes sense to reduce their benefits since they clearly do not need them.

Chairman SANDERS. Okay. Mr. Akabas?

Mr. AKABAS. I would agree with Ms. MacGuineas. I think we need to look at Social Security in the context of the broader budget, and of course we have a very progressive tax system overall, perhaps not progressive enough. But I agree that there need to be changes in terms of the revenues brought into the program, and some of that should come from those who can most afford——

Chairman SANDERS. Out of curiosity, do you think it is progressive when billionaires, in a given year, do not pay a nickel in Federal income tax? Is that progressive?

Mr. AKABAS. No, I do not think that is progressive.

Chairman SANDERS. Okay. All right. Senator Graham.

Senator GRAHAM. Thank you very much, Mr. Chairman.

Ms. Altman, does Senator Sanders' proposal of 12.4 percent Social Security tax on all income? Is it 6.2 or 12.4?

Ms. ALTMAN. I am sorry. You are asking—the 12.4 percent on net investment income——

Senator GRAHAM. Yes.

Ms. ALTMAN [continuing]. That part of his proposal? Yeah, the idea is that——

Senator GRAHAM. No, it is just a question. It would be a 12.4 percent tax, right?

Ms. ALTMAN. That is how——

Chairman SANDERS. The tax is applied to all income.

Ms. ALTMAN. Correct.

Senator GRAHAM. Ms. MacGuineas, we have a cap on income subject to Social Security taxation, right?

Ms. MACGUINEAS. Correct.

Senator GRAHAM. If we lifted and said you pay Social Security 12.4 percent on all income, what would the effective tax rate be for a millionaire in America?

Chairman SANDERS. If I may, that is not correct. We are not talking about raising——

Senator GRAHAM. We are not? I am sorry.

Chairman SANDERS. No, 6.2 percent on all income.

Senator GRAHAM. So when I asked her she said 12.4 percent.

Chairman SANDERS. Well, ask me. It is my bill. [Laughter.]

Senator GRAHAM. Okay. It is 6.2. So why don't we do this. Why don't you bring your bill to the floor for a vote?

Chairman SANDERS. Great idea.

Senator GRAHAM. Mr. Lawson, do you agree with that?

Mr. LAWSON. Absolutely. Senator Sanders' bill should definitely be brought to the floor for a vote.

Senator GRAHAM. I could not agree more. So Senator Schumer, in case you are watching, I challenge you to bring Senator Sanders' bill to the floor. He is a very sincere man. He has found a way he thinks to save Social Security. And all I ask in return is to vote on Senator Romney's bill. You will have two approaches to how to solve this problem, and you are not going to do it. You are all talk. Prove me wrong.

Ms. MacGuineas, the Gang of Six did not take Senator Sanders' approach, did it?

Ms. MACGUINEAS. For reforming Social Security, no, it did not. It had a balanced plan that looked at revenue——

Senator GRAHAM. Did Simpson-Bowles take this approach?

Ms. MACGUINEAS. No, it did not.

Senator GRAHAM. Did the Greenspan Commission take this approach?

Ms. MACGUINEAS. No, it did not.

Senator GRAHAM. Do you agree with that, sir?

Mr. AKABAS. Yes.

Senator GRAHAM. Okay. The approach that you are advocating is along the following lines. Raise the cap, right, more revenue, raise the cap, right? Reduce benefits to the people who can afford to take less. Is that fair? You all are both nodding, right? Okay. Adjust CPI. You are nodding. And that allows us to restructure the program to get the Baby Boomers through without going bankrupt. Does that make sense? Is that what we are talking about, in general, Ms. MacGuineas?

Ms. MACGUINEAS. Yes.

Senator GRAHAM. Is that what we are talking about?

Mr. AKABAS. Yes, Senator, and I think we can also afford to do that while protecting those who are most vulnerable.

Senator GRAHAM. And one thing you can do is actually have an enhanced benefit for people 80 and over at the lower ends of the economic spectrum. Is that correct?

Ms. MACGUINEAS. Yes.

Senator GRAHAM. Count me in for that.

So what I want to do is to do what other people have done in the past to bring this together. Mr. Lawson, this may come as a surprise to you but you are not going to bring this together. The bottom line is somebody has got to bring this together, and I do not think it is going to be Mr. Lawson.

So what I want to do is be brought together in a fashion like people before us. Ronald Reagan and Tip O'Neill adjusted the age from 65 to 67, and it did buy us some time. That alone is not enough.

Let us look at maybe doing it once again, because we live longer, and if we do not need to do it, great.

Count me in for raising the cap on income subject to Social Security taxation, within reason. I do not want to have like 70 percent tax rates in America. But also count me in for people in my income level and in my financial situation taking a smaller COLA, or maybe a restructured benefit, because I can afford it. That is what it is going to take to save Social Security. It is not going to be fixed by taxing the wealthy. That can be part of it.

So I am hoping, Senator Sanders, that we will have a vote of your plan and Senator Romney's plan, but then get on about the hard work of finding a solution that will get buy-in from both sides of the aisle. I really do believe it is possible if there is political will.

To President Biden, things are not going well in America right now. Hopefully they will get better. But you have an opportunity, President Biden, to do something along the lines of Reagan. President Obama, to his credit, tried very hard to bring this together on this topic. The Gang of Six, Simpson-Bowles.

So I would ask President Biden to form some kind of mechanism to get us all in a room to see if we can pound out a solution to buy us time to get the Baby Boomers through the system without the draconian choice of cutting benefits or dramatically raising taxes. And every day and every year we wait it gets harder.

So that is my two cents' worth. I am willing to make compromises that I think will get us to where we need to be.

Thank you very much for having this hearing, Mr. Chairman.

Chairman SANDERS. Thank you, Senator Graham. Based on seniority, Senator Scott goes next. Sorry, Senator Romney.

Senator ROMNEY. Is he senior?

Chairman SANDERS. He is senior.

Senator SCOTT. Would you like to go? You can go first. You got here first.

Senator ROMNEY. Thank you. I have got a mayor here waiting to meet with me so I appreciate Senator Scott letting me jump ahead of him here. I do appreciate that.

When I lost my election for President a number of people came to me and said, "What do you think about forming a think tank?" It seems like failed politicians are anxious to stay involved in the process of government, and think tanks are the way to go I do not how many hundreds, thousands of think tanks we have.

And I said, "You know, I do not think the problem in Washington is trying to come up with the answers. I do not think we need people to solve for numbers, because there are so many people that are doing that." The problem is how to get something done. We do not need more think tanks. We need "do tanks." How do you get something done? How do you get something accomplished?

Senator Sanders makes a wonderful plea which many, many people agree with, the need for helping our seniors and providing better benefits for them, and so forth, but recognize that his bill has no chance whatsoever of receiving a single Republican vote in either house. So it will not be passed. And he knows that.

As a matter of fact, you all recognize that given the fact that for any legislation of scale to be passed requires Republicans and Democrats to work together. That is the nature of our democracy.

We have a 50–50 Senate. Half of the American people voted for Republicans. Half voted for Democrats. To get something done requires bipartisanship.

So any proposal that is brought forward that is only supported by one party is a messaging bill. It is a campaign bill. It may be a fundraising bill. But one thing it is not, is about to become a law. So if you want to have a law you have to see if there is a way to get people working together.

Now, our challenge with Social Security, like Medicare and Highway Trust Fund, is exemplified by that chart, which is Social Security Trust Fund runs out of money in 2034. That is a problem. It is a problem for Social Security recipients. And of all the people who noticed it, the Washington Post said, "the Medicare and Social Security disaster that Washington is doing nothing to fix." It is not that the think tanks do not have proposals or that partisans on either side of the aisle cannot come up with answers. It is that we have not taken action that actually could result in a solution.

So I would suggest that we find a way to actually get something done. I am pleased that my good friend, Senator Graham, spoke about the TRUST Act and gave me some credit for that. It was introduced by myself and Senator Manchin, Republican and Democrat. Senator Warner is also on it. Your organization, sir, continues to say that it is designed to cut benefits. Why do you say that? Do you believe that Senator Warner and Senator Manchin want to cut benefits?

Mr. LAWSON. So is that a question?

Senator ROMNEY. Yeah.

Mr. LAWSON. Okay. Well, I am basing it on, we were basically formed to fight a "BS" commission——

Senator ROMNEY. No, no. I asked a question. The question is, do you Do you believe that Senator Warner and Senator Manchin want to cut benefits? By the way, we have five Democrats who signed up on the TRUST Act because it does this: It says, look, let's get groups together, half Republican, half Democrats, to work together to see if they can find a solution to save Social Security. And both sides have to agree. Both sides have to agree.

No, I get to decide who to ask the questions to.

Both sides get to agree—have to agree—in order for it to go to the floor to be voted on. So it is bipartisan. And every single person has said under no circumstances would we cut benefits, and yet in your documents your organization keeps saying that we want to cut benefits, that we are going to cut benefits in the night. Untrue. Why do you say that?

Mr. LAWSON. If you are not going to cut benefits then you are going to do it all on the revenue side, which would be something that we support. But going on the history of commissions in this town, what happens when politicians get behind closed doors is they talk about things that are deeply unpopular, like cutting Social Security.

Senator ROMNEY. We do not just meet in hearings like this. We have meetings, private meetings, all the time. We get together and discuss things all the time. We had meetings last night. We are having meetings right now on gun legislation. We had meetings last night on the Electoral Count Act. We have meetings all the time, behind closed doors, that we then have hearings, then there are votes in public.

So the idea is to have people come together, Republicans and Democrats, to see if we can find a solution. If we do not do that, we will not save Social Security. You realize—you are a group dedicated to saving Social Security, but you realize that if we do not come up with a bipartisan solution we will not save it. Do you understand that?

Mr. LAWSON. I recognize that the problem is the 23 percent benefit cut that you keep bringing up, but the solution that Republicans put forward is a 23 percent benefit cut, so that is not a solution. It is just the problem sooner.

Senator ROMNEY. Boy, that was not an answer. The Social Security Trust Fund goes away by 2034, at which point benefits are cut automatically. I am not for that. I am trying to keep that from happening. I do not want that to happen. But if we do not come up with a bipartisan solution that is what will happen. That is what you are for if you oppose bipartisanship.

What solution do you have to actually solving Social Security on a bipartisan basis?

Mr. LAWSON. We would ask millionaires and billionaires to pay the same rate as the rest of Americans——

Senator ROMNEY. Yeah, I understand what your——

Mr. LAWSON [continuing]. And not cut one penny of benefits.

Senator ROMNEY [continuing]. I understand what your answer is. This is back to the "think tank" versus the "do tank." What would you do to get bipartisanship? How are you going to get bipartisan to work together?

Mr. LAWSON. I would like the American people who bipartisanly, overwhelmingly do not want to see their benefits cut, I would like Republican politicians to have to answer to them——

Senator ROMNEY. We do.

Mr. LAWSON [continuing]. About why their——

Senator ROMNEY. We do, every election, and the people who have elected us have said to work on a bipartisan basis to find a solution. We can do that. We will do that. And I tell you, the disingenuous attack on Republicans is something which—by the way, just as Senator Graham said, your approach is making it harder for us to find a solution to save Social Security, and that is something that desperately needs to be done.

Thank you, Mr. Chairman.

Chairman SANDERS. Thank you, Senator Romney. Senator Wyden.

Senator WYDEN. Thank you, Senator Sanders.

As Chairman of the Senator Finance Committee, I just wanted to come by for a few minutes—this is a particularly important hearing—and lay out what I think the choices are and what I believe are responsible solutions to those options.

To me, we have a discussion of either cutting Social Security benefits or saving Social Security, and the leading proposal on the other side would put Social Security on the chopping block every few years, basically, I gather, to see if the American people still want it. And the fact of the matter is the American people do not want benefits cut. They understand what it will mean for working people to just raise the age, because we know, for example, we are getting this narrative that Americans, by and large, are living longer.

That is just not the case, colleagues, for most Americans. The majority of increases in life expectancy have been to those in the top half of the income distribution, and meanwhile Black and Hispanic workers, low-wage workers, working without a college degree, and those working in physically demanding jobs have a lower life expectancy after age 65, and are more likely to claim Social Security benefits early.

So you have a choice, and I am going to be very specific about what we believe the choice ought to be. Cut Social Security benefits—we are against that. We are plain, straightforward against that. Or we can look at the kind of solutions that the American people are for, and I am going to outline those here in just a moment. But what we have heard from Republicans in the past is about privatizing it, cutting the benefits, raising the retirement age. The American people say, "Not interested. Don't want to do that."

Here are the two area that I know the American people are for because I am trying these ideas out as a get around my state and I work with my colleagues.

First, we know that billionaires are able, under current tax law—this is legal; the scam is what is legal—they are able to pay little or no taxes for years on end. Contrast that with firefighters and nurses. They pay taxes with every single paycheck.

So I have proposed the billionaire income tax, which would mean that billionaires would pay taxes every year, and what we would do is take the revenue generated from this tax, it would be deposited into the Social Security Trust Fund, and you could extend solvency into the next century. Choice number one.

Choice number two. We now have a tax gap of $1 trillion, according to the Commissioner of the Internal Revenue Service. Why? Because there are fewer audits of the most wealthy in America. Senator Sanders and I have talked about this. The working person, again, pays taxes with all their paychecks. It is possible to audit them in a pretty straightforward way. The wealthy are disproportionately causing the tax cheating problem, and what I propose is we better fund the Internal Revenue Service so that we can go after these wealthy tax cheats.

Now, what I have just given you are two very concrete ways to deal with the Social Security funding challenge, and they are ways that the American people will rally for, because—and I will close with this—the two ideas that I have just laid out ensure that we have some tax fairness and that we pay for what we want in a responsible kind of manner.

I did not just come here and say I am going to Senator Sanders' hearing to say this is what I am against. I told you what the choice is. Cutting Social Security? Saving Social Security? We are for saving Social Security. There is a history on the other side of the aisle of repeatedly trying to cut Social Security, and I said, in addition to telling you what our goal is, I gave you two concrete ways to go about securing that goal.

And I will just tell my colleagues, both of these approaches will generate the revenue to get Social Security well into the next century, and these are approaches the American people are for.

Thank you, Senator Sanders.

Chairman SANDERS. Thank you very much, Senator Wyden. Senator Braun.

Senator BRAUN. Thank you, Mr. Chairman. I have been here a little over three years, and I recall the first Budget hearing that I was at. Senator Mike Enzi was the Chair then. And when you keep hearing the same thing over and over again it gets tired to listen.

I agree that there are certain priorities we have as a government. I say defending our country would be up there, attending to our infrastructure, which we all share, and entitlements. I think it is hard to make the argument that we do not need to keep this whole and healthy. But I also recall, from that discussion, that nothing ever gets done because there is no political will here to do it.

On decisions like this, where you are dealing with a situation a lot more complicated now than it was even 3½ years ago, we were $18 trillion ahead when I got here, we are 30, and imagine we have got a blueprint out there that says we are going to be $45 trillion in debt in 10 years.

That is not the context that any of this is going to work within other than an academic discussion. That lack of political will, of trading off spending for this versus that, which you have got to do everywhere else in our society—it is laughed at whenever you use the metaphor of households. Let's use the metaphor of state and local governments. They have guardrails that force political will into doing what needs to be done.

All I can tell you is we are not evolving into a place where we are going to be able to do any of this, and it is going to go way beyond Social Security. Medicare Trust Fund goes broke in a little over four years. Senator Sanders and I are probably the two that talk about health care the most—different points of view on what to do. It is a broken system.

If we fixed health care alone, made it more transparent, made it more competitive, took it down to where it is across the rest of the world, which is closer to 11, 12, 13 percent of our GDP, we would all of a sudden free up 5 to 6 percent of our GDP that you could then plow into whatever you want to prioritize.

But as long as we do not do budgets, which we have not done in ten years, as long as we come up with gimmicks that we soon overturn, it does not look good for fixing what we are all here to talk about.

When we are borrowing money from our kids and our grandkids, which is what we are doing now to run this biggest business in the world, you are not going to be in a position to fix maybe one of the most important things it does. I do not think we are going to get to the discussion of cutting benefits. I do not think that is probably the right place to be. I think it is how you fix the system in general so you can keep at least what is there intact. And then, once you fix the problem overall, have the political will to zero in on what is most important.

And we could do it. Senator Wyden's proposal, that may or may not flesh out some type of Band-Aid approach to it. What I am talking about—fix health care. You free up the biggest part of our GDP, it acknowledges that regardless of the tax rates, look at the data, we generate 17.5 to 18 percent of our GDP in Federal revenues. We have got to look at the reality of what we can take in each year. If we do not, we are just ignoring the statistics.

So I am going to put a budget, actually, out on the floor, so that Americans at least have something to look at, and that is going to happen in two to three weeks. It is going to be sensible. It is going to balance. It is going to acknowledge that for all the wonderful things we want to do here, most of them not hitting the target. We are discussing here how we want to add more benefits. Well, maybe that is what needs to be done. But you certainly are not going to be able to do it and count on it unless we fix the underlying issues.

We have got to get back to budgets, we have got to do it through regular order, and we have got to acknowledge that the Modern Monetary Theory, which means deficits and debt do not matter anymore, that is not a business plan. That will take us into Chapter 11 someday, and even this place is not immune to that. And that budget that was put out there, we are going to be far deeper in the hole than $45 trillion when you have underestimated inflation and the cost of interest.

I put it out there because this is a valid discussion. The elderly that work their entire lives thinking that their retirement and their health care is going to be there, that is in peril, and that is all due to us, it is due to how the system has evolved to this point, the fact that we have no political will, and yes, we do have to make tradeoffs. And until we can get the budget balanced we are never going to be able to say, with honesty and certainty, that can do anything to help Social Security in the long run.

My two cents.

Chairman SANDERS. Thank you, Senator Braun. If I might make a correction to what you said. You thought that we spend 17 to 18 percent of our GDP on health care. Wrong. It is close to 20.

Senator BRAUN. No. I said those are Federal revenues, regardless of our tax rate.

Chairman SANDERS. Oh, I am sorry. In fact, we are spending a fortune on health care. You are right. We spend twice as much per capita as any other country.

Senator BRAUN. We do, and if we take that down—no, and when it comes to health care, that is the biggest sector of our economy.

Chairman SANDERS. Right. And it is close to 20 percent of our GDP.

Senator BRAUN. No, you are right. It is approaching 20. It is 17 to 18 recently, it is 12 to 13 in most other countries——

Chairman SANDERS. That is right.

Senator BRAUN [continuing]. And that is where you get that 6 to 7 percent savings. That is the only real place that we can grab real funds. And yes, I actually understated that a little bit. And I was also talking about the Federal revenues that we have to work with. It is in that same range. We have got to be realistic there as well.

Chairman SANDERS. Okay. Thank you. Senator Van Hollen.

Senator VAN HOLLEN. Thank you, Mr. Chairman. I thank all of you for being here, for a hearing to discuss how we can strengthen and preserve Social Security, which I think we all agree has been a critical program—anti-poverty program, retirement program, disabilities program—for tens of millions of people in our country.

And I want to commend Senator Sanders for his legislation, which would extend the solvency of Social Security by 75 years. We all know that around 2033, 2034 we are going to hit a cliff, and if we do not do anything you are going to see between a 22 and 25 percent reduction in benefits.

And while there are certain provisions in the bill that I would do differently, I am supporting and a co-sponsor of Senator Sanders' effort, because I think it is a good-faith proposal on the table to actually do something right now. I have also supported other efforts like Social Security 2100 and provisions increasing the estate tax and putting some of those funds into strengthening Social Security.

So I just have a very simple question and I am going to start with Ms. Altman. Do we have the luxury of waiting for another nine years before we fix it or should we fix this thing now?

Ms. ALTMAN. Part of what Social Security provides is not just cash benefits but a sense of security, peace of mind. And for that reason, to restore that peace of mind, acting sooner rather than later is the right thing to do.

Senator VAN HOLLEN. You know, I agree. I mean, we have gotten closer to the cliff in the past, but right now we are facing quite a potential shortfall if we do not do anything.

Mr. Roach, the average benefit right now is $1,540 a month for most Americans, and my question to you is, is that enough to both provide affordable housing, cost of medicine, food, and other essentials?

Mr. ROACH. Absolutely not. It is not enough. Out of that amount of money you spoke about, let us say it is like $18,000 a year, $5,000 goes automatically to co-pays and prescription drugs and supplemental plans. So basically with that amount of money alone people are in poverty. They start out retirement in poverty. It is inadequate and it needs to be increased substantially.

Senator VAN HOLLEN. And that, of course, would be cut by somewhere between 22 and 25 percent if we do not do anything right now.

Ms. MacGuineas, thank you for your testimony. We have worked on lots of issues, and we are trying on the Build Back Better piece to salvage a portion of it, dealing with clean energy and prescription drug costs, and to pay for it by closing some big tax loopholes that big corporations are right now exploiting, and some very wealthy individuals. And not only pay for it, but as you know, try to achieve some deficit reduction in the process. I hope we get there.

I have worked on this issue for a very long time, as you have. I served on the ill-fated Supercommittee. I worked really hard on the Supercommittee to try to address the Social Security fiscal solvency issue. We did not get there.

I agree with Senator Braun. I mentioned in one of our early hearings in this Committee that I believe it is a matter of political will. And I understand the TRUST Act. We can set up a process. We are trying to get there. We, of course, tried that with Simpson-Bowles. We tried that with the Supercommittee. And at the end of the day I do believe it is a question of political will.

And what Senator Sanders has done is put together a plan, on the table, open to everybody firing at it. If people do not like it they can say why they do not like it. But it seems to me the beginning of this conversation needs to be an alternative plan, from our Republican colleagues. Put your plan on the table so we can discuss it, not something discussed behind closed doors, through some bipartisan effort.

I am for a bipartisan solution, but that has to begin by somebody on the Republican side also putting together their plan. Let people look at it. Let the American people take shots at it, just like they can take shots at the plan Senator Sanders has put forward, and others.

So do you not think, Ms. MacGuineas, that we should see, in a transparent fashion, an alternative plan, introduced by Republican colleagues or a bipartisan group or whatever, that says here is a different way to do it than the Sanders plan?

Ms. MACGUINEAS. Thank you, Senator Van Hollen. I think that is a great point. I think that makes sense. Senator Sanders should be commended for putting forth a plan that reaches, I think, 75-year solvency. I have not seen the details yet but that is great.

I would quibble with a lot of details, but agree, so we could have another plan from the Republican side and work to come up with a compromise, because it absolutely does have to be bipartisan. We cannot get this done with just one party or the other.

The only thing I would say, and this comes from my observations of this hearing, is that there is so much talk about us and them. There is so much performative exaggeration on this podium that we have sat through. And our country is so polarized, and we are in such trouble right now, I would really like to sit down with a group of Republicans and Democrats and work on this together as well.

So I appreciate all you have done on this for many, many years, and I think that proposal is great. We would work with any Republicans to come up with a proposal. But it is also time to do this as Members of Congress who are the fiduciaries for the program. That is my plea to all of you.

Senator VAN HOLLEN. No, I appreciate that, but again, I think having been through this process and trying to build better mousetraps for getting there in the past, I do think it begins with putting proposals on the table that people are willing to be tested by their peers, their colleagues, and the public, and then go forward.

Ms. MACGUINEAS. Yeah.

Senator VAN HOLLEN. And I appreciate you commending Senator Sanders for putting together a good-faith effort. I would like to see other good-faith efforts from people who disagree with the Sanders approach. I agree with the overall thrust of the proposal he has put forward, but we would like to see other ideas.

Ms. MACGUINEAS. We will work on trying to get some of those out there. It would be good to have two bookends then.

Senator VAN HOLLEN. Thank you.

Chairman SANDERS. Thank you, Senator Van Hollen. Senator Scott.

Senator SCOTT. Thank you, Chairman Sanders.

There are few things more important than protecting and preserving America's fundamental safety net programs, specifically Social Security, Medicare, and Medicaid. As we all have seen, career politicians in Washington have ignored them for decades, putting them at an incredible risk. Some have even advocated to cut spending for these programs. President Biden is part of that crowd.

In fact, Chairman, you focused heavily on Joe Biden's attacks on Social Security and Medicare during your campaign for President in 2020. Your vocal criticism of President Biden's record of attacking Social Security and Medicare is how I know you agree with me that spending cuts on these programs have no business being entertained here in the U.S. Senate.

I am glad we are talking about these programs today, and I want to thank you for holding this hearing today. Social Security is projected to run out in 12 or 13 years. Medicare Part A will begin to run out in just 4 years. Medicaid costs continue to skyrocket. It has become a bigger and bigger part of the Federal budget. It is clear that what we are doing is not working, so I think we all could agree it is time to act.

I propose that Congress regularly review all these programs. Of course, some of my colleagues and some of the people testifying today have decided to lie about what I have been proposing. So let us be clear. I am never going to support cuts to Social Security, Medicare, or Medicaid, and outside of Joe Biden I do not know too many other folks in Washington who want to see these programs be cut or go away either.

Some of the panelists may not know that Congress regularly reviews essential programs and functions of the Federal Government and should regularly review essential programs and functions of the Federal Government. As you know, we do not even vote on Social Security and Medicare, which makes no sense.

For 61 consecutive years, Congress has successfully passed the National Defense Authorization Act. The NDAA sets the budget for the entire Department of Defense. It is a critical series of must-pass national security and defense budget laws that Congress has never failed to approve, not even once.

Social Security, Medicare, and Medicaid are no different. If we want these programs to survive, and further, to avoid any cuts to benefits, we need to act today. With that said, I have a few questions.

Ms. MacGuineas, while both Trustee Reports represent modest improvements from last year, this is mainly because of its outdated and unrealistic economic assumptions. For example, CRFB noted that the Social Security trustees projected a 3.8 percent cost-of-living adjustment for next year, which would require about a 6 percent annualized deflation over the next few months.

So Ms. MacGuineas, can you tell me how the Trustees Report findings would have been different if their economic assumptions were accurate and actually reflected the historic inflation we are currently seeing?

Ms. MacGuineas. Yeah, that is right. They had to lock in the economic conditions earlier so they were not able to see the inflation be as high as it is. What this will translate into is significantly higher COLA for seniors.

We heard a lot today about Social Security benefits not keeping up with inflation, and that is not the case. It is actually one of the programs that is automatically indexed for both wages and prices, so in many ways it grows quite significantly.

But we will see bigger COLAs than they are estimating, and that means that we could even see a sooner insolvency date than is predicted in the current report.

Senator Scott. Thank you. Mr. Akabas, according to last week's report from the Social Security trustees, the Social Security Trust Funds will deplete their reserves in 2035, only 13 years from now. After that, Social Security will legally only be able to pay, I think it is about 77 percent of scheduled benefits. The Medicare Trustees Report estimates that the Medicare Hospital Insurance Trust Fund will be insolvent in just 6 years, by 2028, and run deficits of $530 billion over the next decade.

This is clearly unacceptable, and fixing the dire financial situations of these programs will require congressional and presidential leadership, not just political gimmicks like the Chairman has suggested today, which he knows will never happen. The last time the OMB Director testified in front of this Committee I asked her what OMB and the Biden administration were doing to address the threatened state of Medicare and Social Security, that threatens millions of constituents in my state. Do you know what her answer was? Nothing. She could not give me anything that they were doing. This is also unacceptable and shows how unserious Biden and the Democrats are about preserving Medicare and Social Security.

Social Security and Medicare are facing serious challenges, but this hearing, I do not believe, is a good-faith example to explore solutions. I agree with you. We ought to have proposals on both sides, and we should not be attacking everybody and be lying about things they put out. I think we have to start talking about what we are going to do to fix this, and when people lie about when somebody says, "Oh, we ought to have a real good discussion about this," I think it is inappropriate.

So do you agree that presidential leadership is going to be required to be able to solve both Social Security and Medicare?

Mr. Akabas. Yes, absolutely, Senator. I think we need leadership from both the Administration as well as Congress, and we need more proposals on the table, because this is such a critical issue for the American people. I am encouraged by the fact that there are many members who are working on this behind the scenes, and hoping that that continues momentum over time.

Senator Scott. Have you seen one proposal out of the Biden administration?

Mr. Akabas. I have not, Senator.

Senator Scott. Thank you.

Chairman Sanders. Thank you, Senator Scott. We now have, via video, Senator Padilla. Senator Padilla. Alex, are you there?

Senator Padilla. I am here. Thank you, Mr. Chairman.

Social Security is one of the most effective programs in our nation's history, and we are at a critical crossroads to determine whether we will build upon its success.

As you have pointed out, Mr. Chairman, Social Security lifts more Americans out of poverty than any other program. Since its inception it has reduced the poverty rate for seniors from about 50 percent to less than 9 percent. Without Social Security, more than 22 million Americans, including 16 million seniors, and nearly 1 million children would have lived below the poverty line in 2020.

However, despite the enormous success of Social Security, tens of millions of seniors are still struggling to get by, and many workers fear that they will not be able to afford to retire when they reach retirement age. So rather than following some of the plans offered by some of our Republican colleagues—and yes, we are just going to be honest about this; some of our Republican colleagues have offered plans to cut Social Security benefits—I believe we have an opportunity and an obligation to strengthen Social Security for the next century.

That is why I was proud joining Mr. Chairman in introducing the Social Security Expansion Act. This legislation would not only keep Social Security solvent for the next 75 years but it would also expand benefits for current and future beneficiaries, ensuring that more Americans can live and retire with dignity.

It is important to remember that Social Security benefits are earned and are a promise to workers that future generations will support them, just as current workers have supported generations of workers in the past. These benefits must be protected and they must be strengthened.

And now I do have a couple of quick questions for the witnesses. The first is in regard to the need to expand benefits for seniors. Even with Social Security, more than 5 million seniors in the U.S. live in poverty. Roughly 1 in 7 seniors rely on Social Security for more than 90 percent of their income, and over the past 30 years, a number of Americans who are at risk of not being able to maintain their standards of living in retirement age has increased—not decreased.

So I think we must expand Social Security so that every American can retire with dignity, the dignity that they have earned through their years and years of hard work. That is why the Social Security Expansion Act would raise the benefits for current and future beneficiaries and do so in a responsible way, one that ensure that both benefits keep up with the cost of living and do so by ensuring that millionaires and billionaires pay their fair share.

My question is this, for Mr. Roach. Why are these proposed expanded benefits so important for the millions of current and future retirees who rely upon them?

Mr. ROACH. They are very important because our seniors are hurting. They have very serious pain, as we discussed. They cannot afford to buy sufficient food, medicine, housing. Everything has become more difficult for them. And I think what some people may not realize is that when Ronald Reagan and Tip O'Neill got together, we have a whole different situation now. What we have is, it was a systematic extermination of defined benefit plans in this country, and through corporate bankruptcies the people who had planned to work, who planned to retire in a certain lifestyle were unable to do so because of that systematic extermination of those pension plans.

Chairman Sanders' proposal, that would sort of bridge the gap somewhat, not totally, but it needs to be expanded, and the anxiety of not knowing what is going to happen to you in the future, this would help with that anxiety. So I think that those proposals need to be enacted as soon as possible.

Senator PADILLA. Thank you for that.

One additional question, Mr. Chairman. We already know Social Security is a very successful program, and the Social Security Administration is actually one of the most efficient agencies in the Federal Government, spending less than 1 percent of the benefits paid each year on administration.

Unfortunately, attacks on the administrative funding has made it more difficult for the Social Security Administration to provide adequate service to the American people. Since 2010, the Administration's workload has grown as the number of beneficiaries has increased by 21 percent. During the same period, the Administration's operating budget has been reduced by 17 percent, when accounting for inflation, and the staff has shrunk by 13 percent.

So it is unacceptable when nearly half of all calls to the Social Security Administration go unanswered, and just as your staff and my staff and the staff of our colleagues and congressional offices stand ready to support our constituents when they need help, accessing the Social Security Administration, we need to support the Administration through resources so that they can best serve the public.

Ms. Altman, why is ensuring robust funding for the Social Security Administration essential to improving consistent service to individuals, families, and communities that rely on the Social Security Administration?

Ms. ALTMAN. Thank you so much for that question. The field offices all across the country, the 1,200 field offices in every congressional district, are like the post offices. They are the face of the Federal Government. People go there at particular times of vulnerability. They may have just lost a spouse and have to claim survivor benefits. They may have just found themselves so disabled that they no longer can work. They may be aging have decided to stop work. And what you want in those kinds of situations is compassionate care, where those administering the program have the time to really work with people.

The people at the Social Security Administration, the workers, are extremely dedicated to the American people. They work very, very hard. But as you have pointed out in your question, the agency is extremely underfunded, and it is really important to increase that funding. You all know because your congressional services get many calls from constituents. What we really need is to have better training for people, more hiring. We have got a lot of attrition. A lot of people are at the point where they are retiring.

So absolutely, the Social Security Administration needs much more funding.

Chairman SANDERS. Senator Padilla, I wanted to thank you for raising that issue. That is an issue above and beyond the funding of Social Security benefits. But the truth is in Vermont and, I am gathering, in California, people are not getting the kind of help and responses from the Social Security Administration that they need. So that is a very, very important issue and I appreciate you raising it.

Senator PADILLA. Thank you, Mr. Chair.

Chairman SANDERS. Okay. Let me just do this. Let me thank the panelists. I just want to say a couple of things and then we are going to hear from Stephen Goss, who is the Head Actuary for the Social Security Administration.

There has been a lot of talk about the need of bipartisanship to solve the issue, and I agree. But you know what? There is something even more important, and that is the need to listen to the American people and to respond to what the American people want.

So when we talk about bipartisanship, the assumption is that Congress actually listens and reflects what the American people want, and I think that is not accurate. I think to a larger degree, Congress is beholden to powerful special interests and not the needs of ordinary Americans. I think if you went out there today, I think polling makes it very, very clear. If you ask the American people, "Should we cut Social Security benefits, raise the retirement age?" there is a very loud, "No" on the part of the American people. If you ask the American people, "Should we ask the wealthiest in our country to contribute more into the Social Security Trust Fund?" the answer is a loud, "Yes." "Should we increase benefits for Social Security?" the answer is a yes, as well.

So I am all in favor of bipartisanship, but, in fact, what is more important is when we start listening to the American people and do what they want, not listen to powerful special interests that do not reflect where the American people are at.

And with that let me very much thank all five of our panelists. Thank you very much for your testimony and being with us today.

Our next panelist is Mr. Stephen C. Goss. Mr. Goss is the Chief Actuary of the Social Security Administration. He joined the Office of the Chief Actuary in 1973, and has been Chief Actuary since 2001. Mr. Goss is a member of the Society of Actuaries, the American Academy of Actuaries, and the National Academy of Social Insurance.

Mr. Goss, thank you very, very much. Mr. Goss is going to be with us virtually. We thank him very much for being here today.

## STATEMENT OF STEPHEN C. GOSS, CHIEF ACTUARY, SOCIAL SECURITY ADMINISTRATION

Mr. GOSS. Thank you very much, Mr. Sanders. I hope I am audible at this point.

Chairman SANDERS. You are. You are great.

Mr. GOSS. Great. Well, thank you very, very much for the invite, Chairman Sanders, Ranking Member Graham, and all the members of the Committee. It is a pleasure to be with you today. We do have some picture boards, I think. If somebody is doing that if they could put up Slide 2 that would be great.

This is just a reminder that the new Trustees Report that came out exactly a week ago, as several have mentioned, has updated our projections for the next 75 years and the near term. Indeed, the objective of the Trustees Reports which, by the way, have been produced every single year, without fail, starting in 1941 for this program, have provided the Congress, the intent is to provide to Congress the financial and actuarial status of the funds for the future, indicating to what extent, if there is a shortfall, there will be a shortfall, when and to what degree, thereby giving guidance to Members of Congress and the Administration as to what kinds of changes might be needed in order to put us back into good financial position.

I am very happy that there was mention of some of the work done in the past at Social Security, and having been around as long as I have, as you indicated, Senator Sanders, I worked very closely with the Greenspan Commission in 1982, as did my entire office, and with the Conference Committee for the 1983 amendments, in 1983, and also with the Simpson-Bowles and other commissions since. I am happy to say that working with your staff, Senator Graham's staff, and the staff of virtually everybody on your Committee we have had the great pleasure of working with you and developing proposals and scoring them for making progress in the future.

So if you could just flip to the next slide or the next panel, this simply just indicates a little bit of an indication of what the change is for this year's Trustees Report. The shortfall is shown here as a percentage of taxable payroll, for that which is the current tax base for Social Security. And last year's Trustees Report was projected at 3.54 percent of taxable payroll. It is a little bit better at 3.42 percent of taxable payroll this year.

Let me just mention that over the context of the entire next 75 years the shortfall of Social Security's revenues, in order to pay completely all the scheduled benefits, is about 1.2 percent of GDP. So the shortfall is not enormous, but it is substantial and it is something that needs to be addressed.

So on the next panel, if we could pop that up, this simply indicates something that you already have seen and have talked about quite a bit, which is the projected point in time at which we believe the trust fund reserves will become depleted. This is critical. Social Security cannot run out of money. It cannot go bankrupt. But its reserves can become depleted, at which point it would not be able to pay the full scheduled benefits.

In the most recent Trustees Report we have pushed out the Old Age and Survivors Insurance Trust Fund reserve depletion date by one year because of the experience that we have had over the past year. And by the way, while it is true that price inflation is higher than had been registered by the trustees back in mid-February when we set the assumptions, employment has also improved faster than expected, and I can give you a little forewarning that the average wage for the year 2021 is also being measured to grow considerably faster than we estimated in the Trustees Report. So these items will very likely balance each other out and will not result in a worse financial projection than we had in the 2022 Trustees Report.

The Disability Insurance Trust Fund is quite a different story. Because of the recent experience and expectations of lower disability incidence rates than have been assumed for the past several years, we are projecting that the Social Security Disability Insurance Trust Fund will be fully financed under current law, going out for the next 75 years.

On the next panel we can see that the cost and the revenue for Social Security as a percentage of our tax base, taxable payroll, is such that the cost is rising fairly significantly between 2008 and 2040, and that is what is really contributing toward our depleting our reserves and reaching the point where we would only be able to pay out 80 percent of scheduled benefits, under current law, in 2035, and that would drop down toward 74 percent, without any action, without any changes in law.

But on the next slide we get to what are the two major factors which are the reasons. When we have an issue to address it is always good to know what is causing the issue that we have to address. The first and most important one, and, I think, Senator Graham indicated this earlier, is the changing age distribution of our population. Since the end of the Baby Boom period, in 1965, birth rates have been low, and that has brought a fundamental change in the age distribution of the population. Therefore, as the Baby Boom generation retires and is replaced in working ages by lower birth rate generations, we are having a dramatic increase, over time, in the number of people over 65 versus working age 20 to 64.

The little lines below in red and blue indicate that had the birth rates not dropped from the 3 or 3.03 level per woman that we had during the Baby Boom, and basically really for generations before that, you can see what this age distribution would look like. It would be rising only very slightly because of increasing longevity. So our fundamental problem really derives from the changing in birth rates.

But there is one other factor that is worth paying attention to, on the next panel, which indicates that, yes, we do have a taxable maximum level, and the taxable maximum since about 1983 has been rising by the average wage growth in our economy. That has maintained us having about 6 percent of all workers in the economy having earnings above the taxable maximum, and therefore 94 percent having earnings below the taxable maximum, therefore paying on all of their earnings.

But the interesting part of this is that because of the changing distribution of earnings, with the highest earners having much higher increases in the past, you have seen a change from 1983 to 2000. Over that period, going from that top 6 percent of workers receiving 9 percent of all covered earnings up to 16 percent of all covered earnings, it has been relatively stable since that time. This fundamental shift really has put a lot of pressure on the trust funds.

On the next panel, let me just indicate very quickly that the next panel indicates something referred to as benefit replacement rates. It simply indicates the percentage of your career average earnings that would be provided by Social Security. You can see for the lowest earners it provides more, and for the highest earners it provides less, in the future. For people starting their benefits in retirement at age 65, you get about 50 percent for very low earners, and it would be about 25 percent for very high earners.

However, on the right-hand panel, you see what will happen to those benefits if we do not make changes in law and we solve the Social Security shortfall solely by having less benefits payable.

I should just remind you also that financial planners consistently tell people that they should seek to have 75 to 80 percent of their prior earnings covered in retirement, and you can see that Social Security will pay out, at most, about 50 percent. So in addition to financing Social Security also we have to stress people having other sources of income.

On the very last panel, let me just indicate what I think has already been stated, that in order to fix the imbalance that we have going forward in Social Security we are going to have to have legislation, by 2035, hopefully well before that, and we are going to have to either increase our scheduled revenue by about a third by that time or reduce the scheduled benefits by a quarter, or some combination of the two.

And again, I would just say that I am very much looking forward to our office working with all of you, and I want to commend, by the way, both Senator Sanders and Senator Graham for their efforts back in 2011, when we worked with them on bills that would have, at that time, extended the projected solvency of Social Security fully 75 years. Very different approaches. But at least they both came to the same end result of extending solvency for 75 years. So we are happy to have worked, Senator Sanders, with you and your staff, on the latest bill, which was just introduced today, which, through a combination of factors will again have the prospect of extending solvency out to 75 years.

Thank you very much. Sorry for running over on time.

[The prepared statement of Mr. Goss appears on page 78.]

Chairman SANDERS. No, that is okay. Thank you very much, Mr. Goss, for your work, in general, and for so many years, and thank you very much for the analysis you did of the legislation that I and others have just introduced.

I am just going to be pretty brief, and I want to have you confirm or not my understanding of your analysis of our legislation. It is my understanding that the Social Security Administration has found that the legislation I have introduced today would expand benefits across the board starting in 2023. Is that correct?

Mr. GOSS. That is correct.

Chairman SANDERS. It is my understanding that the Social Security Administration has found that if this bill were signed into law, Social Security would be solvent for more than 75 years. Is that correct?

Mr. GOSS. That is, in fact, the conclusion that our office comes to, based on the baseline projections recently developed with our Board of Trustees.

Chairman SANDERS. It is my understanding that the Social Security Administration has found that if this bill were signed into law, the bottom 93 percent of Americans would not see their payroll taxes go up by one penny. Is that correct?

Mr. GOSS. That is correct. In fact, it might even be closer to the bottom 94 percent.

Chairman SANDERS. In other words, what you are confirming is that this legislation would expand Social Security benefits and fully fund Social Security for more than 75 years, by demanding that the very wealthiest people in this country pay more in taxes. Is that a fair assessment?

Mr. GOSS. That is correct, Senator Sanders. And I would just add that as I think you have indicated very clearly your bill that was introduced today would not only expand revenue by payroll tax above $250,000 earnings level but also would, in fact, bring some new tax to the trust funds based on investment income.

Chairman SANDERS. Right.

Mr. GOSS. And the combination of those provide the amount of revenue to end up getting us this result.

Chairman SANDERS. That is correct. Okay. Mr. Goss, thank you so much. I appreciate the work you have done and you being with us today.

And with that, before we close, I would like to ask unanimous consent, which is not going to be hard to get given that no one else is here——

[Laughter.]

That three statements be entered into the record. One is a set of estimates of the Social Security Expansion Act prepared by Steve Goss and his team at the Social Security Administration. The other statements are letters of support from AFSCME and the National Committee to Preserve Social Security and Medicare. And without objection, so ordered.

[The Additional Materials submitted for the Record begin on page 109.]

Chairman SANDERS. And let me just conclude by thanking all of the witnesses for being with us today.

As information for all Senators, questions for the record are due by 12 noon tomorrow, with signed hand copies delivered to the Committee clerk at Dirksen 624. Email copies will also be accepted. Under our rules, the witnesses will have 7 days from receipt of our questions to respond with answers.

And with no further business, this hearing is adjourned. Thank you all.

**ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD**

[Prepared statements, responses to written questions, and additional material submitted for the record follow:]

**Statement of Nancy J. Altman**
**Social Security Works**

**HEARING ON SAVING SOCIAL SECURITY: EXPANDING BENEFITS AND DEMANDING THE WEALTHY PAY THEIR FAIR SHARE**
**OR**
**CUTTING BENEFITS AND INCREASING RETIREMENT ANXIETY**

**United States Senate**
**Committee on the Budget**

**June 9, 2022**

Chairman Sanders, Ranking Member Graham, and Members of the Committee:

Thank you, Chairman Sanders, not only for holding this crucially important hearing on Social Security, but also for your just-introduced *Social Security Expansion Act*. That legislation, which will increase the economic security of working families, is extremely wise policy.

The Sanders legislation is consistent with recent Democratic Platforms and with President Biden's stated position. It shares important provisions with a leading expansion bill in the House of Representatives, *Social Security 2100: A Sacred Trust*, which has 202 cosponsors. All of these proposals expand benefits with no cuts, while completely covering the costs of the expansions and addressing Social Security's projected shortfall by requiring the wealthiest to pay more.

For reasons explained below, it is not surprising that none of the proposed legislation has Republican support in Congress. Nor have any current Republican members of Congress proposed any legislation that reveals what they would do to address Social Security's projected shortfall. Instead, they hide their substantive views behind process. Senator Rick Scott proposes to sunset Social Security in five years without an affirmative vote. His colleague, Senator Mitt Romney, proposes a closed-door commission whose recommendations would be fast tracked and unamendable.

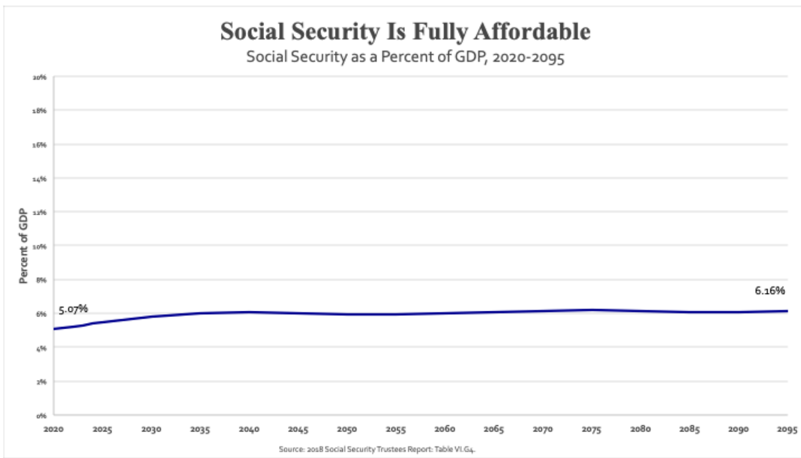
**Democrats Stand with the American People — Who Overwhelmingly Favor Expanding, Not Cutting, Social Security**

It is important to recognize that, though the Democratic proposals have no Republican cosponsors, they are completely bipartisan. Poll after poll has found that an overwhelming majority of Republicans, as well as Democrats and Independents, support Social Security. They believe that Social Security is more important than ever. They strongly oppose any cuts to its modest benefits. They want to see it expanded. They want the wealthiest to pay more but are willing to pay more themselves, if necessary.

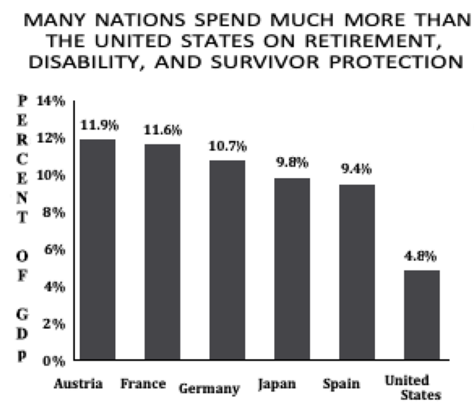
America's working families support Social Security so strongly because they recognize it provides insurance against risks to which all of us are vulnerable. Rich or poor, any of us can die prematurely, leaving young children. Rich or poor, any of us can suffer a disabling accident or illness. Rich or poor, all of us hope to live to old age. Social Security insures workers' wages against all of those risks. It does so more efficiently, securely, universally, effectively, and fairly than its private sector counterparts. Social Security's one shortcoming is that its benefits are inadequately low.

**Whether to Expand or Cut Social Security is a Question of Values, Not Affordability**

Expanding, not cutting, Social Security and restoring it to long-range actuarial balance is a question of values. It is unquestionably affordable. As the following chart makes clear, Social Security's cost as a percentage of GDP is close to a straight horizontal line for the next three-quarters of a century and beyond.




According to the most recent Trustees Report, Social Security is calculated to cost just 5.87 percent of GDP in 2100, at the end of the 21st century. That is a lower percentage of GDP than many other industrialized countries spend on their counterpart programs today, as the chart on page three shows.




Moreover, our nation is projected to be much wealthier at the end of the 21st century, just as we are wealthier now than we were seventy-five years ago, before computers, smartphones, and other technological advances. That means that the less-than 6 percent of GDP will be easier to afford in the future, just as an individual earning $100,000 can more easily afford a 6 percent expenditure (despite it being a larger dollar amount) than an individual earning $10,000. In one case, $94,000 remains; in the other, just $9,400.

Nor should the increase of just under one percent of GDP between now and the end of the century be difficult to absorb. To put that projected increase in perspective, military spending after the 9/11 terrorist attack increased by over one percent of GDP, as a result of the Iraq and Afghanistan wars—and that increase was the result of a surprise attack, with no advance warning. Similarly, spending on public education nationwide increased by 2.8 percentage points of GDP between 1950 and 1975, when the baby boom generation showed up as schoolchildren, without much advance warning.

**Expanding Social Security Incrementally Has Been the Democratic Plan from the Start**

In his message to Congress on the introduction of the Social Security legislation, President Franklin D. Roosevelt emphasized the need to proceed incrementally. He explained, “The place of such a fundamental in our future civilization is too precious to be jeopardized now by extravagant action.” He reiterated the point when he signed Social Security into law. He explained that the legislation was “a cornerstone in a structure which is being built but is by no means complete.”

Consistent with that incremental approach, just four years later, in 1939, life insurance and joint and survivor annuities were added. Disability insurance was added in 1956, Medicare was added in 1965, and legislation to index benefits was enacted in 1972. But that was the last expansion.

**Expanding Social Security is a Solution to the Nation's Retirement Income Crisis, as well as Other Challenges**

In the five decades since Congress last enacted Social Security benefit increases, traditional employer-sponsored defined benefit pension plans have largely disappeared. They were replaced by 401(k)s, which have proven to be inadequate for all but the very wealthiest.

The nation is now facing a retirement income crisis, where too many workers appropriately fear that they will never be able to retire without drastic reductions in their standards of living. Indeed, numerous polls and surveys over recent years reveal that not having enough money in retirement leads the list of Americans' top financial concerns.

Expert analyses make clear that Americans' concerns about retirement are well founded. The Center for Retirement Research at Boston College reports that one out of two working-age households will be unable to maintain their standards of living in retirement – even if they work until age 65, take out reverse mortgages on their homes, and annuitize all of their other assets. Moreover, the number of working-age households unable to retire and maintain their standards of living increases to over 60 percent when health care costs are taken into account.

Prior to Social Security, Americans routinely moved in with their adult children. Those adult children were forced to divide their resources between their own children and their aging parents. Social Security made economically-independent old age a reality, allowing families to focus more of their resources on their children. Unfortunately, the retirement income crisis is likely to require adult children to take resources away from their children in order to help support aged parents – unless Congress acts to expand Social Security.

It is well past time for Congress to vote on expanding Social Security. That is the most effective way to address the nation's retirement income crisis. At the same time, expanding Social Security by requiring the wealthiest to pay their fair share will begin to address the nation's perilous, rising income and wealth inequality, which former president Barack Obama called "the defining challenge of our time." Moreover, expanding Social Security will ease some of the financial burden of today's working families, squeezed between the older and younger generations.

**Today's Elected Republicans are Standing in the Way of Protecting and Expanding Social Security**

From the beginning, there has always been a small radical group who opposed Social Security. Those radicals are now in control of the Republican Party. While today's Republican politicians will not admit it, they support cuts. While they won't admit it, Donald Trump pointed out the obvious during the Republican primaries, leading up to the 2016 election. He charged, "Every Republican wants to do a big number on Social Security…And it's not fair to the people that have been paying in for years."

Moreover, the Republican Party's most recent Party Platform, drafted in 2016, states their desire to cut Social Security, but does so using opaque and coded language. (Though Donald Trump was the standard bearer, it was obvious from statements he made prior to running for office that he too wants to cut Social Security, but understood the political advantage to claiming he would not.)

Republican strategists know that the benefit cuts to which the platform alludes are deeply unpopular with the American people. Despite the Party's effort to avoid accountability, a careful reading makes it clear where the Republican Party stands.

The Social Security plank states that Republicans "believe in the power of markets to create wealth." That is code for privatizing Social Security, a dangerous scheme that was resoundingly rejected by the American people when George W. Bush proposed it in 2005. It also states that "we oppose tax increases" which means that they oppose requiring the wealthiest Americans to contribute their fair share and want to see Social Security drastically cut or even radically changed instead. Since they state their clear opposition to increasing Social Security's revenue, that leaves only two options to eliminate the projected shortfall: Automatic cuts (if they block action for the next decade) or legislated cuts. Moreover, the stated support of many Republican politicians for privatizing, means-testing, or reducing all benefits to a low subsistence level means they want to not just cut Social Security, but end it as we know it.

Finally, the Republican Platform states that "current retirees and those close to retirement can be assured of their benefits" which leaves the door open to cutting benefits for younger generations of Americans. This shows how out of step today's Republican politicians are with the American people on this important subject.

While suggesting that Social Security is in crisis, the Republican Platform completely ignores the nation's looming retirement income crisis. Indeed, they would make that crisis worse by cutting Social Security's modest benefits for younger Americans who will need them the most.

**Today's Republican Politicians are Part of a Long History of Opposition to Social Security**

Today's Republican attacks on Social Security are descended from a longstanding right-wing tradition. From the 1930s, until the present day, conservatives have advocated scaling back and transforming Social Security, and substituting individual savings instead. These attacks on Social Security have formed a continuous chain.

A small minority has always believed that all but the neediest individuals should be completely on their own and has long fought a campaign against Social Security. People holding those views want, as lobbyist Grover Norquist vividly remarked, "to shrink government to the size where we can drown it in the bathtub."

Those who oppose Social Security have always been a tiny fraction of Americans. Yet this fraction has had oversized influence because they are generally of great wealth – or are politicians supported by those with great wealth. President Eisenhower astutely explained, in a November 8, 1954 letter he wrote to his brother, just who those opponents of Social Security are and what he thought of them:

> "Should any political party attempt to abolish social security [and] unemployment insurance…you would not hear of that party again in our political history. There is a tiny splinter group, of course, that believes you can do these things. Among them are H. L. Hunt (you possibly know his background), a few other Texas oil millionaires, and an occasional politician or business man from other areas. Their number is negligible and they are stupid."

Some members of that "tiny splinter group" are people who make their living from Wall Street, and recognize that if people were not receiving Social Security, they would purchase more stocks, bonds, annuities, and other financial instruments in the private market in an effort to protect their economic security.

What unites all of these opponents is the desire to end Social Security as we know it: either transform it from universal insurance with benefits related to wages to subsistence-level benefits for the poor, or cut it so substantially that in Norquist's words, opponents "can drown it in the bathtub."

Unlike their predecessors, today's opponents lack the moral courage to state their opposition straightforwardly. When Congress debated Social Security in 1935, Republicans simply opposed it, offering no alternative of their own. Unlike today's Republican politicians who claim to support the program, however, the opponents in 1935 were clear about why they objected. In the debate on the House floor, Representative Thomas A. Jenkins (R-OH) argued, for example, that Social Security is "compulsion of the rankest kind."

Once Social Security was enacted, Republicans recognized that the support for the economic security that old age pensions brought was powerful and unstoppable. Therefore, the Republican Party chose not simply to oppose Social Security in the 1936 election, but to also offer an alternative. The alternative, included in the 1936 Republican Platform, is the same one offered by opponents today: cut benefits for those deemed to be higher income (i.e., the middle class) and instead provide simply subsistence level benefits.

In 1983, two conservative opponents of Social Security published an article that set out the game plan to finally end Social Security. The article was written shortly after President Reagan signed into law the Social Security Amendments of 1983. The authors saw the legislation as a setback to their cause because it restored Social Security to long-range actuarial balance.

Entitled "Achieving Social Security Reform: A 'Leninist Strategy,'" the article laid out, in true Leninist fashion, the elements necessary to achieve "a radical reform of Social Security." The authors explained that their Leninist strategy was to wage "guerrilla warfare against both the current Social Security system and the coalition that supports it."

Their proposed guerilla war included a number of attacks. One was to undermine confidence in Social Security by convincing younger Americans that their retirement would be more secure and adequate with individual savings, rather than with Social Security. The Leninist strategists would claim that this was necessary because Social Security was supposedly unsustainable.

Another was to assure those at or near retirement that their benefits would remain untouched. Part of the strategy was to make private retirement savings accounts more widespread and attractive, and to activate Wall Street, which had profits to be made, into the fight on the side of those who wanted to dismantle Social Security. In that way, the authors sought to create, in the authors' words, "an alternative" to Social Security, one "with which the public is familiar and comfortable, and one that has the backing of a powerful political force." This was not a new alternative, just an old one with some new trappings.

As the title of their article suggests, the authors considered themselves revolutionaries, seeking to overthrow Social Security, just as Lenin had plotted against capitalism. The article concluded by cautioning fellow revolutionaries to "be prepared for a long campaign," adding that "as Lenin well knew, to be a successful revolutionary, one must…be patient and consistently plan." That campaign continues to this day.

The most recent Republican Platform follows the Leninist Strategy closely. It supports privatization, though obliquely and, with a wink and a nod to Wall Street, proclaims the power of markets to create wealth. It reassures seniors that they will get theirs.

It should be noted that this transparent attempt to essentially buy off older voters is highly demeaning to those very voters. The implicit assumption is that seniors care only about themselves and will be fine if their children's and grandchildren's economic security is decimated. As Republicans should have discovered when they used this same tactic in their failed effort to privatize Social Security in 2005, seniors care about the security of their families.

While past opponents were straightforward in their objections to Social Security and their desire to replace it with a different structure, today's opponents are cynically duplicitous. They talk about "strengthening" and "fixing" Social Security, and they even praise it. Former president George W. Bush, for example, in defending his plan to transform Social Security, said:

> "One of America's most important institutions, a symbol of the trust between generations, is also in need of wise and effective reform. Social Security was a great moral success of the 20th century, and we must honor its great purposes in this new century. The system, however, on its current path, is headed toward bankruptcy. And so we must join together to strengthen and save Social Security."

To be clear: Social Security does not need to be saved. (Indeed, Bush's remarks resemble the infamous Vietnam War claim that a village had to be destroyed to be saved.) Rather, Social Security is a solution. If expanded, it would be even more so.

For the most part, today's Republican politicians simply attack Democratic proposals without offering any of their own. In this regard, Senator Lindsay Graham of South Carolina deserves credit for being one of very few Republicans to be clear about his views.

Senator Graham was a key supporter of President Bush's Social Security privatization plan, which would have ended Social Security as we know it. He moved to find a way to make privatization happen. Other than George W. Bush, no one in Washington, DC worked harder than Senator Lindsey Graham to privatize Social Security.

While running for the Republican presidential nomination in 2016, Senator Graham supported raising the retirement age. It is important to understand that, because of the way Social Security is structured, raising Social Security's retirement age by just one year is mathematically identical to a 6-7 percent across-the-board benefit cut. Moreover, it falls heaviest on those in physically demanding jobs who are unable to continue to work to the statutorily-specified age.

Senator Graham's Republican colleagues are less upfront. In a masterful application of double-speak that would make George Orwell blush, Senator Joni Ernst (R-IA) has demanded "an open and honest conversation" about cutting Social Security that would take place behind closed doors!

Similarly, Senator Mitt Romney (R-UT) has repeatedly proposed the TRUST Act, which would create an undemocratic, fast-tracked, closed-door process to make changes to Social Security. Our Social Security system is too important to be addressed in this manner. Major changes have always gone through regular order and they always should. The only reason to go behind closed doors is to do what the American people adamantly oppose — cut benefits!

Even worse, in February 2022, Senator Rick Scott (R-FL) released his so-called “Plan to Rescue America.” This plan states that “All federal legislation sunsets in 5 years. If a law is worth keeping, Congress can pass it again.” It also states: “All Americans should pay some income tax to have skin in the game.”

Senator Scott’s plan would terminate Social Security and Medicare in 5 years unless Congress voted to reauthorize them. This would give far-right opponents of Social Security and Medicare enormous leverage over the future of the programs. They could refuse to reauthorize them, or only agree to do so if the programs are massively cut and fully privatized.

Further, Senator Scott’s plan would raise taxes on seniors. Seniors, living on Social Security, with incomes barely above the poverty line, appropriately do not currently pay income tax. That includes eighty percent of Americans over age 75. Under Scott’s plan, they would see their meager benefits in effect cut, because some of those dollars would go for Senator Scott’s tax increase.

A comparison of the Scott and Sanders plans highlights the difference between the Republican and Democratic Parties with respect to Social Security. The Sanders plan expands Social Security’s modest benefits; the Scott plan indirectly cuts those modest benefits. The Sanders plan increases the security of Social Security by requiring those earning over $250,000 to start paying more of their fair share. The Scott plan undermines the stability of the program by requiring it to be reauthorized every five years.

It is clear which plan the American people want. That explains why the Republican Party avoids offering substantive solutions. The Democrats are to be applauded for offering concrete proposals and insisting that Social Security be debated in the sunshine. Thank you.

**SUBMISSION FOR THE COMMITTEE RECORD**
**ROBERT ROACH, JR.**
**PRESIDENT OF THE ALLIANCE FOR RETIRED AMERICANS**
TESTIMONY BEFORE THE UNITED STATES SENATE
U.S. SENATE COMMITTEE ON THE BUDGET

HEARING TOPIC:

“SAVING SOCIAL SECURITY: EXPANDING BENEFITS AND DEMANDING THE WEALTHY PAY THEIR FAIR SHARE OR CUTTING BENEFITS AND INCREASING RETIREMENT ANXIETY”

June 9, 2022

ALLIANCE FOR RETIRED AMERICANS
815 16TH STREET, NW
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815 16th Street, NW, 4th Floor • Washington, DC 20006 • (202) 637-5399 • www.retiredamericans.org

Good morning. I am Robert Roach, President of the Alliance for Retired Americans. On behalf of the Alliance, I would like to thank Chairman Bernie Sanders, Ranking Member Lindsey Graham and the distinguished members of this committee for the opportunity to testify and participate in today's important hearing on the topic of Social Security expansion.

The Alliance for Retired Americans is a grassroots organization founded in 2001, and we represent over 4.4 million retirees and senior citizens nationwide. We are headquartered here in Washington, and in partnership with our 39 state chapters, we work to advance public policy that strengthens the health and retirement security of older Americans.

We believe categorically that the importance of improving Social Security cannot be overstated, because the index for determining cost-of-living adjustments has not kept pace with inflation. People on Social Security are suffering and unable to be self-sustaining. We need improvements because older Americans today are hurting.

And I have seen examples for myself firsthand. I have observed on many occasions seniors at the supermarket checkout who had to put food back because the grocery bill was more than they had.

Seniors are having to make decisions between food and medicine on a daily basis. These are just a few of the many examples that clearly underline our country's desperate need to expand Social Security benefits.

This is also an issue that is already affecting the next generation. Thousands of family members are unable to go to college, further their careers or fulfill their dreams because they have to take care of older relatives who are unable to make ends meet without an expansion of their Social Security benefits.

Ms. Kristina Brown spoke eloquently on behalf of young caregivers as a Yale University medical student in 2019, when she testified in front of the House Ways & Means Committee.

She said, "Caregiving fuels generational poverty, disproportionately affecting millennials and women who take on that role in their families. People like my sister and me, who begin caregiving as first-time job-seekers or students, may face significant employment challenges."

Given the decline of traditional pension plans and the inability to accumulate retirement savings because of stagnant real wages, greater numbers of Americans rely on Social Security in retirement. In fact, nearly 50% of retired Americans today rely on Social Security for half of their income, while one in seven over the age of 65 do so for 90% of their income.

Moreover, Social Security benefits are not keeping up with inflation. The Social Security cost-of-living adjustment is inadequate and not representative of the true measure of inflation that seniors face in what they buy.

As of April, the average monthly Social Security benefit for a retired worker was a modest $1,666.

And as we saw in the Social Security and Medicare Trustees Reports released just last week, Social Security will be able to afford scheduled payments until 2034, at which point the fund's reserves will be depleted, and payroll taxes will cover just 77% of benefits owed.

Nearly 65.2 million people receive monthly Social Security benefits in 2022; 50.1 million of them are retirees.

Senator Sanders' legislation, the Social Security Expansion Act, which the Alliance strongly supports and is proud to have formally endorsed, addresses these challenges by doing the following:

- **Extending the solvency of Social Security** by requiring the wealthiest American households to pay their fair share of Social Security taxes;
- **Expanding Social Security benefits across-the-board**;
- **Increasing Cost-Of-Living-Adjustments** by adopting the Consumer Price Index for the Elderly (CPI-E);
- **Updating the Special Minimum Benefit for Social Security recipients** by making it easier to qualify, assisting low-income workers to stay out of poverty

The Alliance has also proudly endorsed Connecticut Congressman John Larson's legislation in the House, H.R. 5723, Social Security 2100: A Sacred Trust Act, which also makes Social Security even stronger and repeals the Windfall Elimination Provision and Government Pension Offset, both of which unfairly claw back the Social Security benefits of workers or their spouses or survivors if they worked for a period of time in jobs not covered by Social Security.

WEP affects nearly 2 million public sector retirees with public pensions, and the GPO reduces by 2/3 the spousal or survivor benefits of nearly 800,000 retirees who collect a public pension.

This year's Social Security Trust Fund report announced that Social Security has an accumulated surplus of approximately $2.85 trillion.

The time to expand Social Security is now.

The Alliance strongly believes that expanding and strengthening Social Security is of tremendous benefit to our nation's domestic economy as well. Social Security beneficiaries generally spend their earned benefits immediately in their local community, at the grocery store, gas station or local restaurants, a fact substantiated by a study conducted by AARP that found that every dollar of Social Security benefits generates approximately $2 of economic impact, doubling the return on taxpayer investment.

Moreover, Social Security dollars generate millions of jobs and hundreds of billions of dollars in salaries, wages and other compensation, altogether creating trillions in total economic output. Additionally, Social Security adds billions of dollars to local, state and federal government tax revenue. In fact, according to researchers at AARP, it is estimated that in 2016 Social Security benefits amounted to 5% of our nation's Gross Domestic Product (GDP), and that by 2035 Social Security benefits are projected to be 6%. Indisputably, these favorable economic impacts on local communities would be even larger if Social Security's benefits were expanded further.

Lastly, the Alliance for Retired Americans stands in strong opposition to the Time to Rescue United States' Trusts (TRUST) Act, introduced by Senator Mitt Romney (R-UT). This legislation, which would set up committees misleadingly called "Rescue Committees," would deliberate likely substantive changes to Social Security and Medicare behind closed doors without public hearings, nor require input from the program's congressional committees of jurisdiction such as the Senate Committee on Finance or the House Committee on Ways & Means. These pernicious committees envisioned in the TRUST Act could consider dramatic changes to Social Security and Medicare and outright dismantle these essential programs by legislating benefit cuts, changing eligibility age, means testing benefits, or raising taxes on working Americans.

Each Rescue Committee's report, which can be approved by a simple majority vote of its members, would become a bill and sent to the House and Senate committees of jurisdiction. Thereafter, these committees could review the bill but not amend it, and it would then go to the House and Senate floors for an up or down majority vote. The Alliance strongly believes that there is absolutely no justification for secret committees to provide political cover for Congress to cut Social Security benefits.

Evidently, there is no need to cut a program that has saved retirees from poverty for over 85 years, one which former President Roosevelt was inspired to establish to prevent 50% of America's seniors from becoming destitute. At the present time, with Social Security benefits, the average beneficiary today receives just over $1,600 per month or about $19,000 per year, without which, nearly 40% of America's seniors would fall into poverty. Eviscerating Social Security is entirely unacceptable to do to our own family members and to all Americans who depend on this invaluable program.

I thank the committee once again for inviting the Alliance to participate in today's hearing.

What follows is Ms. Katrina Brown's testimony from a November, 2019 full committee hearing in the House Ways & Means Committee entitled "Caring for Aging Americans."

Hearing Link:
https://waysandmeans.house.gov/legislation/hearings/caring-aging-americans

Kristina Brown's Testimony Link:
https://waysandmeans.house.gov/sites/democrats.waysandmeans.house.gov/files/documents/Kristina%20Brown_Testimony.pdf

**Statement of Alex Lawson**
**Social Security Works**

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**United States Senate**
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**June 9, 2022**

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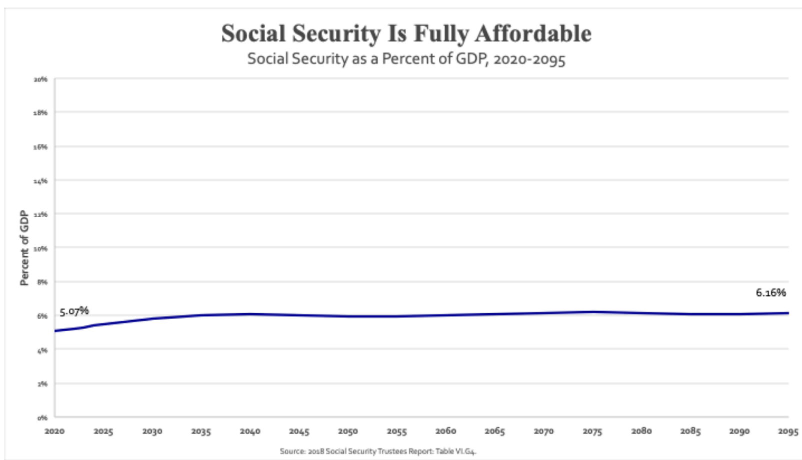
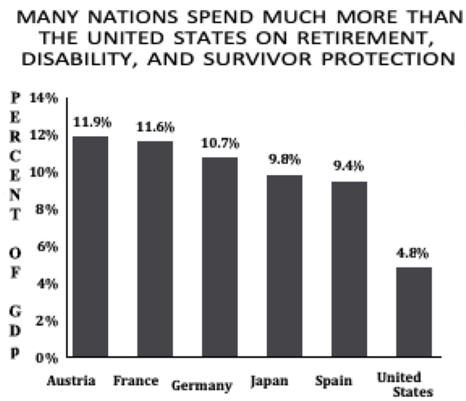



According to the most recent Trustees Report, Social Security is calculated to cost just 5.87 percent of GDP in 2100, at the end of the 21st century. That is a lower percentage of GDP than many other industrialized countries spend on their counterpart programs today, as the chart on page three shows.




Moreover, our nation is projected to be much wealthier at the end of the 21st century, just as we are wealthier now than we were seventy-five years ago, before computers, smartphones, and other technological advances. That means that the less-than 6 percent of GDP will be easier to afford in the future, just as an individual earning $100,000 can more easily afford a 6 percent expenditure (despite it being a larger dollar amount) than an individual earning $10,000. In one case, $94,000 remains; in the other, just $9,400.

Nor should the increase of just under one percent of GDP between now and the end of the century be difficult to absorb. To put that projected increase in perspective, military spending after the 9/11 terrorist attack increased by over one percent of GDP, as a result of the Iraq and Afghanistan wars—and that increase was the result of a surprise attack, with no advance warning. Similarly, spending on public education nationwide increased by 2.8 percentage points of GDP between 1950 and 1975, when the baby boom generation showed up as schoolchildren, without much advance warning.

**Expanding Social Security Incrementally Has Been the Democratic Plan from the Start**

In his message to Congress on the introduction of the Social Security legislation, President Franklin D. Roosevelt emphasized the need to proceed incrementally. He explained, “The place of such a fundamental in our future civilization is too precious to be jeopardized now by extravagant action.” He reiterated the point when he signed Social Security into law. He explained that the legislation was “a cornerstone in a structure which is being built but is by no means complete.”

Consistent with that incremental approach, just four years later, in 1939, life insurance and joint and survivor annuities were added. Disability insurance was added in 1956, Medicare was added in 1965, and legislation to index benefits was enacted in 1972. But that was the last expansion.

**Expanding Social Security is a Solution to the Nation's Retirement Income Crisis, as well as Other Challenges**

In the five decades since Congress last enacted Social Security benefit increases, traditional employer-sponsored defined benefit pension plans have largely disappeared. They were replaced by 401(k)s, which have proven to be inadequate for all but the very wealthiest.

The nation is now facing a retirement income crisis, where too many workers appropriately fear that they will never be able to retire without drastic reductions in their standards of living. Indeed, numerous polls and surveys over recent years reveal that not having enough money in retirement leads the list of Americans' top financial concerns.

Expert analyses make clear that Americans' concerns about retirement are well founded. The Center for Retirement Research at Boston College reports that one out of two working-age households will be unable to maintain their standards of living in retirement – even if they work until age 65, take out reverse mortgages on their homes, and annuitize all of their other assets. Moreover, the number of working-age households unable to retire and maintain their standards of living increases to over 60 percent when health care costs are taken into account.

Prior to Social Security, Americans routinely moved in with their adult children. Those adult children were forced to divide their resources between their own children and their aging parents. Social Security made economically-independent old age a reality, allowing families to focus more of their resources on their children. Unfortunately, the retirement income crisis is likely to require adult children to take resources away from their children in order to help support aged parents – unless Congress acts to expand Social Security.

It is well past time for Congress to vote on expanding Social Security. That is the most effective way to address the nation's retirement income crisis. At the same time, expanding Social Security by requiring the wealthiest to pay their fair share will begin to address the nation's perilous, rising income and wealth inequality, which former president Barack Obama called "the defining challenge of our time." Moreover, expanding Social Security will ease some of the financial burden of today's working families, squeezed between the older and younger generations.

**Today's Elected Republicans are Standing in the Way of Protecting and Expanding Social Security**

From the beginning, there has always been a small radical group who opposed Social Security. Those radicals are now in control of the Republican Party. While today's Republican politicians will not admit it, they support cuts. While they won't admit it, Donald Trump pointed out the obvious during the Republican primaries, leading up to the 2016 election. He charged, "Every Republican wants to do a big number on Social Security…And it's not fair to the people that have been paying in for years."

Moreover, the Republican Party's most recent Party Platform, drafted in 2016, states their desire to cut Social Security, but does so using opaque and coded language. (Though Donald Trump was the standard bearer, it was obvious from statements he made prior to running for office that he too wants to cut Social Security, but understood the political advantage to claiming he would not.)

Republican strategists know that the benefit cuts to which the platform alludes are deeply unpopular with the American people. Despite the Party's effort to avoid accountability, a careful reading makes it clear where the Republican Party stands.

The Social Security plank states that Republicans "believe in the power of markets to create wealth." That is code for privatizing Social Security, a dangerous scheme that was resoundingly rejected by the American people when George W. Bush proposed it in 2005. It also states that "we oppose tax increases" which means that they oppose requiring the wealthiest Americans to contribute their fair share and want to see Social Security drastically cut or even radically changed instead. Since they state their clear opposition to increasing Social Security's revenue, that leaves only two options to eliminate the projected shortfall: Automatic cuts (if they block action for the next decade) or legislated cuts. Moreover, the stated support of many Republican politicians for privatizing, means-testing, or reducing all benefits to a low subsistence level means they want to not just cut Social Security, but end it as we know it.

Finally, the Republican Platform states that "current retirees and those close to retirement can be assured of their benefits" which leaves the door open to cutting benefits for younger generations of Americans. This shows how out of step today's Republican politicians are with the American people on this important subject.

While suggesting that Social Security is in crisis, the Republican Platform completely ignores the nation's looming retirement income crisis. Indeed, they would make that crisis worse by cutting Social Security's modest benefits for younger Americans who will need them the most.

**Today's Republican Politicians are Part of a Long History of Opposition to Social Security**

Today's Republican attacks on Social Security are descended from a longstanding right-wing tradition. From the 1930s, until the present day, conservatives have advocated scaling back and transforming Social Security, and substituting individual savings instead. These attacks on Social Security have formed a continuous chain.

A small minority has always believed that all but the neediest individuals should be completely on their own and has long fought a campaign against Social Security. People holding those views want, as lobbyist Grover Norquist vividly remarked, "to shrink government to the size where we can drown it in the bathtub."

Those who oppose Social Security have always been a tiny fraction of Americans. Yet this fraction has had oversized influence because they are generally of great wealth – or are politicians supported by those with great wealth. President Eisenhower astutely explained, in a November 8, 1954 letter he wrote to his brother, just who those opponents of Social Security are and what he thought of them:

> "Should any political party attempt to abolish social security [and] unemployment insurance…you would not hear of that party again in our political history. There is a tiny splinter group, of course, that believes you can do these things. Among them are H. L. Hunt (you possibly know his background), a few other Texas oil millionaires, and an occasional politician or business man from other areas. Their number is negligible and they are stupid."

Some members of that "tiny splinter group" are people who make their living from Wall Street, and recognize that if people were not receiving Social Security, they would purchase more stocks, bonds, annuities, and other financial instruments in the private market in an effort to protect their economic security.

What unites all of these opponents is the desire to end Social Security as we know it: either transform it from universal insurance with benefits related to wages to subsistence-level benefits for the poor, or cut it so substantially that in Norquist's words, opponents "can drown it in the bathtub."

Unlike their predecessors, today's opponents lack the moral courage to state their opposition straightforwardly. When Congress debated Social Security in 1935, Republicans simply opposed it, offering no alternative of their own. Unlike today's Republican politicians who claim to support the program, however, the opponents in 1935 were clear about why they objected. In the debate on the House floor, Representative Thomas A. Jenkins (R-OH) argued, for example, that Social Security is "compulsion of the rankest kind."

Once Social Security was enacted, Republicans recognized that the support for the economic security that old age pensions brought was powerful and unstoppable. Therefore, the Republican Party chose not simply to oppose Social Security in the 1936 election, but to also offer an alternative. The alternative, included in the 1936 Republican Platform, is the same one offered by opponents today: cut benefits for those deemed to be higher income (i.e., the middle class) and instead provide simply subsistence level benefits.

In 1983, two conservative opponents of Social Security published an article that set out the game plan to finally end Social Security. The article was written shortly after President Reagan signed into law the Social Security Amendments of 1983. The authors saw the legislation as a setback to their cause because it restored Social Security to long-range actuarial balance.

Entitled "Achieving Social Security Reform: A 'Leninist Strategy,'" the article laid out, in true Leninist fashion, the elements necessary to achieve "a radical reform of Social Security." The authors explained that their Leninist strategy was to wage "guerrilla warfare against both the current Social Security system and the coalition that supports it."

Their proposed guerilla war included a number of attacks. One was to undermine confidence in Social Security by convincing younger Americans that their retirement would be more secure and adequate with individual savings, rather than with Social Security. The Leninist strategists would claim that this was necessary because Social Security was supposedly unsustainable.

Another was to assure those at or near retirement that their benefits would remain untouched. Part of the strategy was to make private retirement savings accounts more widespread and attractive, and to activate Wall Street, which had profits to be made, into the fight on the side of those who wanted to dismantle Social Security. In that way, the authors sought to create, in the authors' words, "an alternative" to Social Security, one "with which the public is familiar and comfortable, and one that has the backing of a powerful political force." This was not a new alternative, just an old one with some new trappings.

As the title of their article suggests, the authors considered themselves revolutionaries, seeking to overthrow Social Security, just as Lenin had plotted against capitalism. The article concluded by cautioning fellow revolutionaries to "be prepared for a long campaign," adding that "as Lenin well knew, to be a successful revolutionary, one must…be patient and consistently plan." That campaign continues to this day.

The most recent Republican Platform follows the Leninist Strategy closely. It supports privatization, though obliquely and, with a wink and a nod to Wall Street, proclaims the power of markets to create wealth. It reassures seniors that they will get theirs.

It should be noted that this transparent attempt to essentially buy off older voters is highly demeaning to those very voters. The implicit assumption is that seniors care only about themselves and will be fine if their children's and grandchildren's economic security is decimated. As Republicans should have discovered when they used this same tactic in their failed effort to privatize Social Security in 2005, seniors care about the security of their families.

While past opponents were straightforward in their objections to Social Security and their desire to replace it with a different structure, today's opponents are cynically duplicitous. They talk about "strengthening" and "fixing" Social Security, and they even praise it. Former president George W. Bush, for example, in defending his plan to transform Social Security, said:

> "One of America's most important institutions, a symbol of the trust between generations, is also in need of wise and effective reform. Social Security was a great moral success of the 20th century, and we must honor its great purposes in this new century. The system, however, on its current path, is headed toward bankruptcy. And so we must join together to strengthen and save Social Security."

To be clear: Social Security does not need to be saved. (Indeed, Bush's remarks resemble the infamous Vietnam War claim that a village had to be destroyed to be saved.) Rather, Social Security is a solution. If expanded, it would be even more so.

For the most part, today's Republican politicians simply attack Democratic proposals without offering any of their own. In this regard, Senator Lindsay Graham of South Carolina deserves credit for being one of very few Republicans to be clear about his views.

Senator Graham was a key supporter of President Bush's Social Security privatization plan, which would have ended Social Security as we know it. He moved to find a way to make privatization happen. Other than George W. Bush, no one in Washington, DC worked harder than Senator Lindsey Graham to privatize Social Security.

While running for the Republican presidential nomination in 2016, Senator Graham supported raising the retirement age. It is important to understand that, because of the way Social Security is structured, raising Social Security's retirement age by just one year is mathematically identical to a 6-7 percent across-the-board benefit cut. Moreover, it falls heaviest on those in physically demanding jobs who are unable to continue to work to the statutorily-specified age.

Senator Graham's Republican colleagues are less upfront. In a masterful application of double-speak that would make George Orwell blush, Senator Joni Ernst (R-IA) has demanded "an open and honest conversation" about cutting Social Security that would take place behind closed doors!

Similarly, Senator Mitt Romney (R-UT) has repeatedly proposed the TRUST Act, which would create an undemocratic, fast-tracked, closed-door process to make changes to Social Security. Our Social Security system is too important to be addressed in this manner. Major changes have always gone through regular order and they always should. The only reason to go behind closed doors is to do what the American people adamantly oppose — cut benefits!

Even worse, in February 2022, Senator Rick Scott (R-FL) released his so-called "Plan to Rescue America." This plan states that "All federal legislation sunsets in 5 years. If a law is worth keeping, Congress can pass it again." It also states: "All Americans should pay some income tax to have skin in the game."

Senator Scott's plan would terminate Social Security and Medicare in 5 years unless Congress voted to reauthorize them. This would give far-right opponents of Social Security and Medicare enormous leverage over the future of the programs. They could refuse to reauthorize them, or only agree to do so if the programs are massively cut and fully privatized.

Further, Senator Scott's plan would raise taxes on seniors. Seniors, living on Social Security, with incomes barely above the poverty line, appropriately do not currently pay income tax. That includes eighty percent of Americans over age 75. Under Scott's plan, they would see their meager benefits in effect cut, because some of those dollars would go for Senator Scott's tax increase.

A comparison of the Scott and Sanders plans highlights the difference between the Republican and Democratic Parties with respect to Social Security. The Sanders plan expands Social Security's modest benefits; the Scott plan indirectly cuts those modest benefits. The Sanders plan increases the security of Social Security by requiring those earning over $250,000 to start paying more of their fair share. The Scott plan undermines the stability of the program by requiring it to be reauthorized every five years.

It is clear which plan the American people want. That explains why the Republican Party avoids offering substantive solutions. The Democrats are to be applauded for offering concrete proposals and insisting that Social Security be debated in the sunshine. Thank you.

# Committee for a Responsible Federal Budget



**Testimony of Maya MacGuineas**
**Committee for a Responsible Federal Budget**
**Hearing before the Senate Budget Committee**

**"Saving Social Security: Expanding Benefits and Demanding the Wealthy Pay Their Fair Share or Cutting Benefits and Increasing Retirement Anxiety?"**

**June 9, 2022**

Chairman Sanders, Ranking Member Graham, Members of the Committee, thank you for inviting me here today to discuss the importance of making Social Security solvent and the various options to do so.

I am Maya MacGuineas, President of the Committee for a Responsible Federal Budget. The Committee for a Responsible Federal Budget is a non-partisan organization dedicated to educating the public and working with policymakers on fiscal policy issues. Our co-chairs are Purdue University President and former OMB Director Mitch Daniels, former Secretary of Defense and former OMB Director Leon Panetta, and former Congressman Tim Penny. Our board includes past directors and chairs of the Office of Management and Budget, the Congressional Budget Office, and the Budget Committees.

In my testimony, I will touch on four main things:

- Social Security's financial condition
- The cost of waiting to fix the program
- Objectives of reform
- Options to strengthen Social Security

## Social Security's Financial Condition

The most recent annual report on the financial health of Social Security finds that it is headed towards insolvency. Of course, this is not news: we have known this for more than 30 years.

In that time, Congress has done *close to nothing* to shore up the program. One thing we know increases anxiety is uncertainty, and the ongoing choice by members of Congress not to fix the program has certainly increased the anxiety of people who do or will depend on Social Security, since they have no idea what to expect.

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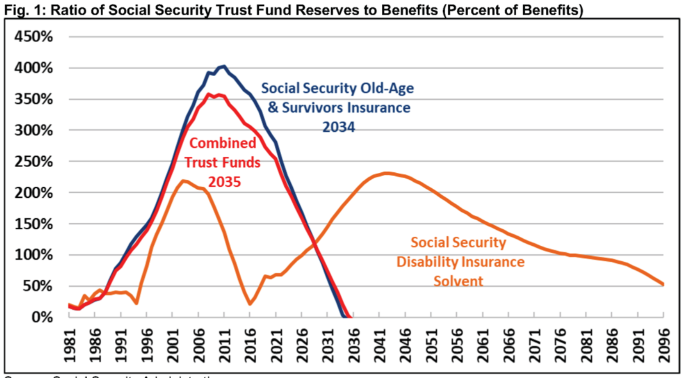
The Trustees project the combined Social Security trust funds will deplete their reserves by 2035 (2034 for the retirement trust fund alone). Social Security is now a mere 13 years away from insolvency, so the program will no longer be able to pay full benefits when today's 54 year-olds reach the full retirement age or when today's youngest retirees turn 75. For perspective, the average new retiree will live to age 85, meaning Social Security cannot guarantee full benefits for many current beneficiaries, let alone future ones.

Upon insolvency, all beneficiaries will face a 20 percent across-the-board benefit cut, which will grow further over time. These cuts will hit well-off retirees and low-income elderly widows depending on the program for their livelihood equally. This strikes me as about the most reckless plan we could craft, and yet, by doing nothing it is the one we are headed towards.

**Fig. 1: Ratio of Social Security Trust Fund Reserves to Benefits (Percent of Benefits)**

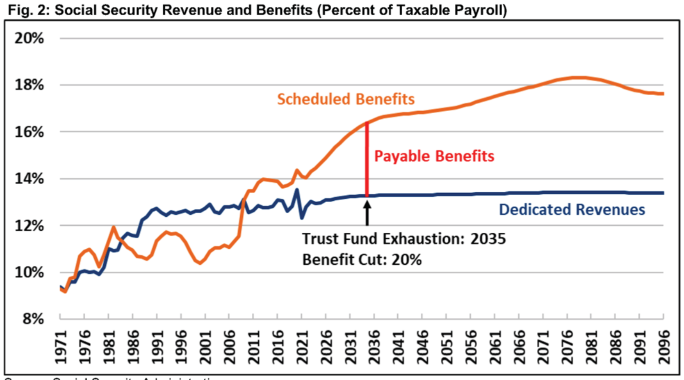



Source: Social Security Administration.

According to the Trustees, Social Security will run a cash-flow deficit of $112 billion this year and nearly $2.5 trillion over the next decade. That is effectively how much we will have to find in the rest of the budget to repay Social Security's trust fund holdings and interest. Social Security's 75-year actuarial imbalance is 3.4 percent of payroll, or over $20 trillion in present value terms.

Social Security's rising long-term shortfall is largely the result of rising costs, mainly due to the aging of the population. Total Social Security costs have already risen from 10.9 percent of taxable payroll in 2002 to 14.1 percent in 2022 and are projected to rise further to 16.1 percent of payroll by 2032, 16.8 percent by 2042, and 17.6 percent by 2096. Revenue will also be rising from 12.8 percent of payroll today to 13.4 percent by 2096, though not be nearly enough to cover expanding spending.

Fig. 2: Social Security Revenue and Benefits (Percent of Taxable Payroll)




Source: Social Security Administration.

At the same time, Social Security has grown as a share of the overall federal budget. Prior to the global financial crisis, Social Security already made-up 22 percent of the non-interest budget; prior to the COVID crisis, it cost 26 percent of the budget. It's projected to rise further to 28 percent of the budget and would consume an even larger share if Medicare weren't growing even more quickly than Social Security. The growth of these two programs is putting immense pressure on many other important investment-focused areas of the budget. Because the growth is automatic, I don't think we spend enough time considering whether this shift in resources is the best use of investment. Some may think it is, but we rarely even consider the question because we don't budget holistically.

A plan to restore sustainable solvency over the next 75 years would require increasing payroll taxes immediately by 26 percent, reducing spending by 20 percent for all current and future beneficiaries, reducing spending on new beneficiaries by 24 percent, or some combination. Actual reforms could and should be better targeted, rather than across-the-board, and phased in gradually. Any benefit expansions would require more in terms of other benefit cuts and/or revenue increases.

### The Cost of Waiting to Fix the Program

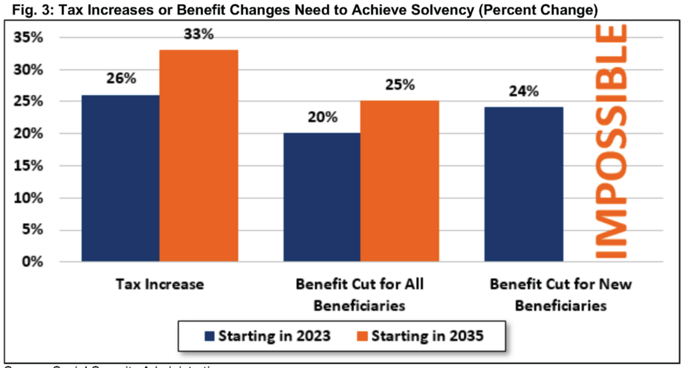
It is reckless that Congress has failed to act to make needed changes to improve the finances of the Social Security system. Every year we have waited and continuing to wait has made those changes more difficult and painful, denying us the chance to spread them more fairly and equitably. Participants need to know what to expect and have time to plan accordingly, and they have now been denied that.

Already, we have lost precious years. In 2010, you could have achieved 75-year solvency by eliminating the taxable maximum or price indexing benefits. Today, eliminating the taxable maximum would buy you just twenty years (and close about 60 percent of the gap), while price indexing would only buy you a year (and close roughly 75 percent of the gap). In 2010, the Simpson-Bowles plan phased in all of its policies over forty years – by 2050. A similar plan enacted today would have to phase in changes over 5 to 10 years. We have waited so long that in fact the entire Baby Boomer generation is unlikely to be part of the solution since they are now in or near retirement, unlike when we first knew about the problem. And yet, even now, there are few signs of serious cooperative efforts to make needed changes.

Further delaying action would be even more problematic, making the needed adjustments larger and eliminating our ability to phase them in over time or give workers and beneficiaries warning. As mentioned above, 75-year solvency could be achieved with a 26 percent (3.2 percentage point) payroll tax increase today but would require a 33 percent (4.1 percentage point) increase in 2035. Similarly, Social Security solvency could be achieved with a 20 percent across-the-board benefit cut today, which would rise to 25 percent by 2035. Benefit cuts for new beneficiaries would need to be 24 percent if imposed today, but even eliminating benefits for new beneficiaries in 2035 wouldn't be enough to prevent insolvency.

If there is one major point of this testimony, it is that we should stop delaying solutions.

**Fig. 3: Tax Increases or Benefit Changes Need to Achieve Solvency (Percent Change)**




Source: Social Security Administration.

## Objectives of Reform

So what should the goals be in reforming the system? There is no right or wrong answer to this question but continuing to delay solutions is indefensible. There are many different legitimate objectives, which is why there should be compromise. The objectives that are most important are:

- **Make the program solvent** before benefit expansions
- Make changes that **protect those who depend on the program** the most
- Make changes that are **pro-economic growth** and provide the right incentives when sensible
- Think about the issue **comprehensively**; recognize that Social Security is one of the many priorities in our nation and **acknowledge that there are trade-offs** between funding for Social Security versus other priorities such as investments in children, climate, national security, etc.

There are plans out there that would expand benefits and fail to make Social Security solvent. This is akin to saying to seniors: I will promise you even more, while knowing that we cannot even pay you what we have already promised. That is shockingly disingenuous, and I can only imagine that if some private sector company did that, the same people who support these unfunded expansion plans would rightly go after this kind of abuse.

I think it makes sense to make the changes progressively. Options to do this include progressive revenue increases like lifting the tax cap, means-testing, progressive price indexing or other progressive benefit formula adjustments, and/or adding a minimum benefit along with other changes to achieve solvency and protect those at the lower end.

It is hard to understand those who advocate for more taxes on the rich while ruling out slowing the growth of benefits for the same people. Changes will have to be made: if wealthy beneficiaries are held harmless, others will have to face more in benefit reductions or pay more in payroll taxes. Many plans go further and actually *increase* benefits for the rich. This seems particularly hard to justify.

Even if we could make Social Security solvent entirely from taxes on the rich – and so far I've never seen a plan which successfully did so -- more revenues for Social Security will leave less money available for any other progressive programs, which just doesn't seem sensible.

And for those who worry progressive benefit structures don't garner widespread support, it is worth noting that Social Security is *already* progressive and that Medicaid and the EITC—both means-tested programs—are two programs that have received the most programmatic expansions in the past decades.

So that's where I would start: reducing benefits for the well-off who don't need them. It won't get you close to fully fixing the program but it can get you a lot. For example, progressive price indexing for the top half of beneficiaries (so the very highest earners see their benefits grow with prices) would close about a third of the solvency gap and two-thirds of the structural gap. You could complement this with progressive revenue changes. To me, this type of policy is a sensible start that will make the system more progressive, avoid undue hardship, and retain much of a revenue base that will be available for other pressing needs.

I think another useful objective is to include changes that create incentives for work, savings, and other things that promote economic growth whenever it is sensible to do so. In the current environment some of these changes may assist in fighting inflation as well. Such changes can include increasing the retirement age while protecting those who are unable to work longer, counting all years of work with a benefit formula that rewards each additional year, repealing the confusing and antiquated retirement earnings test, and encouraging additional supplemental savings. Additionally, you should consider options that make the payroll tax more equitable and efficient like broadening the base, while raising additional revenue for the program. Growing the economy and national income is a particularly important objective right now when we have the aging of the population putting significant downward pressure on economic growth. My colleagues Marc Goldwein and Chris Towner have written a paper, *Promoting Economic Growth Through Social Security Reform*, on the topic, including estimates of the growth effects.

Finally, it is important to think about Social Security in the context of the full budget as well as an independent program. One of the most important tasks of the federal government is allocating resources. Already, the federal government spends $6 per senior for every $1 per child. We need to think holistically about whether we want to widen or narrow that gap.

This is clearly why producing a real budget every year is such an important national priority, and why failing to do so should be unacceptable.

If all programs are contemplated only in isolation, it becomes easier to bypass consideration of various trade-offs. We hear a lot about taxing millionaires and billionaires these days, something I agree with, but there's only so much taxing that can be done. It is a crucial exercise to determine whether those new revenues should go to reducing our existing debt – we are on track to borrow more than $15 trillion over the next decade – or new priorities, whether they are consumption for seniors, investments in workers and children, social safety net reforms, or a number of other urgent priorities. We must be realistic in recognizing that there are both financial and political budget constraint.

### Options to Strengthen Social Security

Below is a list of reforms that could be used to make Social Security solvent. We also have an interactive tool, the Social Security Reformer, that has in the past been used by members of Congress to develop reform proposals, as well as to engage the public.

Importantly, there is no one right way to make Social Security solvent. Previously, there have been responsible revenue-only proposals (such as the original *Social Security 2100* bill, before revenue was removed and gimmicks were added), responsible benefit-only proposals (such as the Social Security Reform Act), and a variety of proposals that included both revenue and benefit changes (such as the Goldwein-Towner plan, the Conrad-Lockhardt plan, and former Rep. Ribble's Save Our Social Security plan).

The only unacceptable plan is doing nothing, which would mean an across-the-board 20 percent cut or else a massive general revenue transfer at a time our debt will be hitting new records every year.

One approach to spur action is the bi-partisan bi-cameral TRUST Act, which would create a rescue committee for each of the major at-risk trust funds. Whatever you choose, I encourage you to act quickly. Time is running out.

**Fig. 4: Options to Make Social Security Solvent**

| Policy | 75-Year Shortfall Reduction | 75th Year Deficit Reduction |
|---|---|---|
| **Revenue Options** | | |
| Increase payroll tax rate by 1 percentage point | 30% | 25% |
| Increase taxable maximum to cover 90% of wages | 25% | 15% |
| Eliminate the taxable maximum, without paying new benefits | 75% | 65% |
| Subject cafeteria plans to the payroll tax | 10% | 5% |
| Cover newly hired state and local employees | 10%* | 0%* |
| Replace the employer payroll tax with a flat compensation tax | 75% | 60% |
| | | |
| **Benefit Options** | | |
| Adopt price indexing to grow initial benefits | 80% | 175% |
| Use "progressive indexing" for top half of wage earners | 30% | 55% |
| Adopt a more progressive PIA formula | 30% | 40% |
| Calculate benefits based on top 40 years, instead of 35 | 15% | 15% |
| Apply progressive benefit formula to annual wages (mini-PIA) | 10% | 25% |
| Use chained CPI to calculate COLAs | 20% | 20% |
| Raise retirement age to 69 and then index for life expectancy | 35% | 55% |

Sources: Social Security Administration, Committee for a Responsible Federal Budget.
All figures rounded to nearest 5%.
*Assumes enactment as part of a solvency plan

Bipartisan Policy Center

**Written Testimony of Shai Akabas**
**Before the U.S. Senate Committee on the Budget Hearing:**
***Saving Social Security: Expanding Benefits and Demanding the Wealthy Pay Their Fair Share or Cutting Benefits and Increasing Retirement Anxiety***
**June 9, 2022**

Good morning, Chairman Sanders, Ranking Member Graham, and distinguished members of the committee. Thank you for inviting me to testify today about the long-run sustainability and efficacy of Social Security. I commend the committee for focusing on this critical issue in a bipartisan manner.

My name is Shai Akabas, and I am the director of the Economic Policy Project at the Bipartisan Policy Center, a non-profit organization that combines the best ideas from both parties to promote health, security, and opportunity for all Americans. The organization was founded in 2007 by four former Senate majority leaders: Howard Baker, Tom Daschle, Bob Dole, and George Mitchell. BPC drives principled and politically viable policy solutions through the power of rigorous analysis, painstaking negotiation, and aggressive advocacy.

Social Security serves as the foundation upon which most Americans build their lives in retirement. For 85 years, it has paid out benefits to people with disabilities, older people, and their family members, lifting millions of households out of poverty and providing essential financial support. But Social Security faces a serious challenge—the benefits being paid out are outpacing the program's income (mainly payroll tax revenues). The recently released 2022 Social Security Trustees Report underscores this fact, projecting that the Old-Age and Survivors Insurance (OASI) Trust Fund is on track to deplete its reserves in 2034.[1]

My testimony will summarize the ominous outlook facing Social Security today and summarize a package of bipartisan reforms that could address these challenges.

I hope our conversation today leaves you with the following takeaways:

1. Time is running out. To address this problem, Congress must act quickly and in a bipartisan fashion. Delaying necessary reforms will only serve to make them more politically difficult and cause added uncertainty for workers and retirees.

2. There is no silver bullet. Several factors play into Social Security's financial imbalance, requiring a nuanced and thoughtful package of reforms. Failing to enact a comprehensive package of reforms will simply kick the can down the road, pushing responsibility for a long-term solution onto future lawmakers.

3. Enhancing Social Security benefits—particularly for those who most rely on them in retirement—and putting the program on a fiscally sustainable path are not mutually exclusive.

Rather, tackling both e goals simultaneously will be vital to garner the necessary bipartisan support.

**The Social Security Situation**

For several decades starting in the 1980s, Social Security's income exceeded its expenses, which led to a large buildup in the program's OASI Trust Fund. Unfortunately, that dynamic has flipped, and annual benefits now exceed dedicated revenue—a situation that is projected to persist indefinitely. After the OASI Trust Fund runs out of reserves in 2034—a reality that has long been anticipated absent action from Congress—incoming revenue will only cover 77% of the obligations for OASI, necessitating abrupt benefit cuts that would be devastating for many beneficiaries.[2]

The recent Trustees Report contains some sobering conclusions: To ensure solvency of the combined OASI and Disability Insurance (DI) Trust Funds through the 75-year projection period, Congress would need to immediately raise the payroll tax rate by 3.24 percentage points to 15.64%; reduce benefits for all current and future beneficiaries by around 20% (or around 24% for only beneficiaries who become eligible in 2022 or later); or adopt some combination of these approaches.[3]

If policymakers wait until the combined Trust Fund's depletion in 2035, much larger changes will be required—and the burdens will fall on narrower group of Americans. Specifically, lawmakers would then have to raise the payroll tax by one-third (4.07 percentage points) to 16.47%; reduce benefits by one-quarter; or adopt some combination of these approaches. The alternative would be an unprecedented departure from the pay-as-you-go structure of the program, with legislative changes instead allowing it to begin permanently drawing from general government revenue. This would sacrifice Social Security's special status as a program walled off from the rest of the budget, making it compete for resources with other priorities at a time when the nation's fiscal house is already in rough shape, with debt held by the public nearly equal to gross domestic product and headed higher.[4] This would be irresponsible policymaking.

As the numbers make clear, delaying action on Social Security solvency has significant implications not only for taxpayers and retirees, but for political feasibility and intergenerational equity as well. Before delving further into the problems at hand and outlining possible solutions, I want to outline the two principles that must guide any reforms to the Social Security program:

1. Acting as soon as possible is paramount. The longer Congress waits to strengthen Social Security's finances, the more drastic the changes will have to be, and the more burden will fall upon those who played little or no role in creating the imbalance facing the program today. Moreover, any delay adds significant uncertainty to retirement planning for the large majority of Americans whose retirements will extend beyond 2034. Failing to enact reforms will simply kick the can down the road, pushing responsibility for a long-term solution onto future lawmakers, who will have to decide between inconceivable benefit cuts, impractical tax increases, or the abandonment of the program's historical financing mechanism.

2. Any legislative action must garner significant bipartisan support. Working across the aisle is not only a best practice in general for enacting durable policies but also a requirement for changes to Social Security, which require a supermajority in the Senate. Lawmakers should abstain from pronouncements like "no tax increases" and "no benefit cuts," whether they apply across the

board or for certain subsets of the population. Red lines such as these only put obstacles in the way of action. Social Security's financial challenge affects nearly our entire society, and the solutions will require a broad-based approach.

**Drivers and Other Issues to Address**

Shifting demographics in the United States work against Social Security's finances. Since 1965, the ratio of covered workers paying into the system to the number of Americans drawing benefits has dropped from four-to-one in 1965 to just under three-to-one in 2021. The ratio is projected to drop to under 2.5-to-one by 2030 as Baby Boomers continue to retire and increases in average life expectancies have not been accompanied by longer working lives.[5]

Moreover, Social Security's tax base is shrinking as a proportion of national earnings. Reforms to the Social Security program in 1977 raised the taxable maximum to $35,700, a level that covered 90% of total national earnings in 1983.[6] Today, the maximum remains indexed to average wage growth. While the portion of workers whose earnings are above the taxable maximum has remained steady since the 1980s at approximately 6%, because earnings for workers at the top of the earnings distribution have grown faster than average wages, the percentage of earnings above the taxable maximum has increased.[7] Indeed, for 2022, Social Security taxes are projected to cover only 80% of total national earnings.[8]

In addition to the financing challenge, Social Security benefits were not designed for a 21st century workforce. The current benefit structure falls short of achieving many retirement security objectives, such as incentivizing work and minimizing poverty.

Social Security benefits are linked to earnings. As workers near retirement, they continue to pay taxes on earnings to support the program, yet often accrue little or no additional benefits as a result.[9] This sends the wrong message, and the program should be recalibrated to encourage work at older ages. Working longer allows more time to accumulate savings, shortens the period of retirement consumption that must be financed by savings, and facilitates later claiming of Social Security benefits (which results in larger monthly payments). On top of these advantages for personal retirement security, a longer average working life yields additional payroll-tax revenue for the Social Security program and benefits the broader economy. Thus, better work incentives within Social Security would improve both retirement security and the financial condition of the program.

Because the program is designed as an earnings-based benefit, Social Security in isolation fails to adequately support individuals who have lower lifetime earnings. While the progressive benefit formula ensures that lower-earning workers receive a higher return in benefits relative to their contributions than higher-wage earners, many retirees near the bottom still struggle. This is especially the case if they had unstable employment, stopped working at a relatively early age, or both. Realistically, many of these retirees had insufficient earnings during their working years to accumulate any significant savings to supplement their Social Security benefits. Even among middle-income workers who enter retirement with outside assets, those who claim Social Security benefits early at a reduced level and live unexpectedly long lives may find their monthly income inadequate.

An added factor to consider is that not all Americans have seen longevity gains over the past several decades. As of 2014, life expectancy at age 50 for the lowest-income quintile had actually decreased in recent years, while high-income individuals have experienced large increases. This dynamic has a significant effect on the distribution of benefits within the system.[10]

Spousal and survivors benefits are other aspects of the Social Security program that seem outdated or ineffective at ensuring income adequacy. Spousal benefits, for example, were developed in the context of early-20th century assumptions about family structure. In 1950, just one-third of women over the age of 16 participated in the workforce (compared to more than 86% of men), making Social Security benefits a necessary source of support for spouses throughout much of the income distribution. Today, in contrast, workforce participation of women has nearly doubled to roughly 57% while the rate has dropped to 68% for men.[11] Yet, even as women have far more opportunities for employment today, the benefit structure for non-working spouses remains the same, providing unnecessary support to the spouses of high-income individuals, who can in some cases receive greater monthly benefits than a full-career, low-income worker.

Survivors benefits—where a surviving spouse is provided the larger of the couple's two earned benefits—were also designed for a workforce in which one-earner couples were predominant. As a result, many widows and widowers now struggle to support themselves after the death of a spouse. After that moment, household Social Security benefits can fall by as much as half, but household costs rarely decline commensurately.[12] Thus, survivors benefits often do not provide adequate income to maintain a widow's or widower's standard of living, and the sudden loss of income can even push some below the poverty level.

Finally, it is important to recall that Social Security is a social *insurance* program. As of Urban Institute data from 2014, Social Security benefits comprised more than 70% of disposable income for older Americans in the bottom 40% of the lifetime-earnings distribution.[13] In contrast, for higher earners, Social Security is just a small slice of their overall retirement picture. That is consistent with President Franklin Roosevelt's vision for the program, when he stated: "We can never insure one hundred percent of the population against one hundred percent of the hazards and vicissitudes of life, but we have tried to frame a law which will give some measure of protection to the average citizen and to his family against the loss of a job and against poverty-ridden old age."[14] When considering reforms, policymakers should strive to preserve and enhance this insurance component for those who have struggled in life while modestly scaling back support for those who have been more financially successful.[15]

For millions of Americans, Social Security benefits provide the critical foundation for both planning and realizing a secure retirement. Yet, those who rely on the program do not know what changes to expect in the context of the program's troubled financial future.

**A Comprehensive Approach**

In 2016, BPC convened a bipartisan Commission on Retirement Security and Personal Savings, co-chaired by former Senator Kent Conrad and Jim Lockhart, the former deputy commissioner of the Social Security Administration. The Commission spent two years studying the status of retirement security in the U.S. and made recommendations in six key areas, including "Strengthening Social Security's Finances and Modernizing the Program."[16] The Commission's recommendations would make Social Security solvent for 75 years and beyond, avoid the 23% benefit cut that is set to take effect, and give Americans certainty about what to expect from the program as they prepare for retirement.[17] Moreover, the recommendations reflect a balanced blend of new revenue and restraints on benefits.

To accomplish this solvency, the Commission's plan included 13 recommendations:[18]

1. Increase the progressivity of the benefit formula. The formula for calculating a Social Security beneficiary's primary insurance amount (PIA) is progressive, with earnings at lower levels replaced at higher rates. This formula is applied to the average of a worker's highest (wage-growth-adjusted) 35 years of covered earnings, known as average indexed monthly earnings (AIME). The current benefit formula includes two "bend points" at which the marginal replacement rate for earnings, known as the PIA factor, changes. The plan would revise these bend points and PIA factors to make the benefit structure more progressive.
2. Apply the benefit formula annually to earnings to reward continued work more evenly. The current Social Security benefit formula does not distinguish between higher earners who work fewer years and lower earners who work many years, often unintentionally redistributing income toward households with little need for extra support. A related issue is that Social Security provides limited work incentives to nearly all workers as they reach older ages. To address these skewed incentives, the plan would apply the replacement-rate formula to each individual year of a worker's earnings to calculate an "annual PIA." These amounts would then be added up and averaged to calculate a worker's actual Social Security benefit, much in the same way as a typical defined benefit program.
3. Establish a basic minimum benefit to enhance Social Security for beneficiaries with low incomes. Millions of older Americans live with very low incomes, in or near conditions of poverty. Some of these individuals worked intermittently and for low wages, due to a variety of circumstances, and therefore earn only meager Social Security benefits. Thus, the plan would establish a new basic minimum benefit (BMB) within Social Security to supplement standard benefits and reduce poverty among these OASI beneficiaries.
4. Index the retirement age to longevity to reflect ongoing increases in average life expectancy. To reflect changes in life expectancy, the plan would gradually raise both the "full retirement age," currently set at 67, and the maximum benefit age, currently 70. Each would rise at a rate of one month for every two years, roughly paralleling projected increases in longevity.
5. Use a more accurate measure of inflation for Social Security's cost-of-living adjustments. Social Security beneficiaries receive an annual cost-of-living adjustment (COLA) on their benefits to reflect inflation, as measured by the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). Many economists believe that the CPI-W overstates actual inflation because the measure insufficiently accounts for consumers' ability to change purchasing patterns in response to relative price changes (among other computational issues). The plan would link COLAs to the Chained Consumer Price Index for All Urban Consumers (C-CPI-U), an alternative measure of inflation developed by the Bureau of Labor Statistics that better accounts for substitution effects and fixes technical issues with the CPI-W. Notably, the C-CPI-U is now used for federal income tax brackets, as well.
6. Cap and re-index the spousal benefit. Individuals who are either married or divorced (after a marriage that lasted at least 10 years) may be entitled, regardless of their work history, to a Social Security spousal benefit of up to half of the PIA of the individually entitled worker. The current spousal benefit, however, fails to reflect changes in women's workforce participation since the time when Social Security was first enacted. As a result, the spousal benefit provides the greatest advantage to certain high-income families who can afford to have only one earner and, in this way, undermines the progressivity of Social Security. The plan would start by limiting

spousal benefits for high lifetime earners and then slow spousal benefit growth for more households over time.

7. Enhance survivors benefits to help widows and widowers maintain their standard of living. On average, survivors experience roughly a one-third reduction in household OASI benefits when their spouse dies. For two-earner couples with similar earnings, household benefits can drop by as much as half. With more two-earner couples in the workforce than ever before, this reduction often means that remaining benefits are inadequate, as expenses for the surviving spouse generally do not fall by half. The plan enhances survivors benefits so that widows and widowers receive 75% of their deceased spouse's benefit in addition to the entirety of their own benefit while offsetting the cost of this change by modestly lowering benefits when individuals in married households first claim.
8. Reinstate benefits for college-aged children of deceased beneficiaries and certain other Social Security beneficiaries. Most young adults receive some support from their parents during their college-age years. The plan would allow adult children who are enrolled in an institution of higher education to collect benefits up to age 22 (instead of the current maximum age of 18).
9. Raise the maximum taxable earnings level. While the maximum level of taxable earnings (also known as the "taxable maximum") for Social Security's payroll and self-employment taxes is indexed to average wage growth, the percentage of earnings above the taxable maximum has increased over time since earnings for workers at the top of the wage distribution have grown faster than average wages. The plan would increase the taxable maximum to generate additional program revenues and prevent further erosion of Social Security's tax base.
10. Gradually increase the payroll-tax rate by 1 percentage point. The plan would increase the payroll- and self-employment-tax rates by 1 percentage point (0.5 percentage points for both employees and employers). The increase should be implemented gradually, by raising the combined payroll tax paid by employees and employers 0.1 percentage points each year for the next 10 years.
11. Increase taxes on benefits for high-income beneficiaries. The plan would include in taxable income all benefits received by Social Security beneficiaries with adjusted gross incomes (AGI) of over $250,000 (or $500,000 for couples) and index both thresholds to average wage growth.
12. Replace the windfall elimination provision (WEP) and government pension offset (GPO) with a pro-rated benefit for workers with non-covered earnings. The WEP and GPO are designed to limit Social Security benefits for people who worked most of their careers in non-covered employment, but the details are quite complicated and sometimes produce inequitable outcomes. Instead, the plan would pro-rate benefits by the fraction of an individual's total lifetime earnings that were covered by Social Security.
13. Improve the Disability Insurance (DI) program. In 2015, Congress and the president acted to address the impending exhaustion of the Disability Insurance Trust Fund, testing reforms to reward returning to work and reallocating payroll tax revenues between the two trust funds to extend solvency. The legislation included some policies that had been recommended by the Bipartisan Policy Center's Disability Insurance Working Group, which proposed a variety of ways to improve the DI program to better meet the needs of Americans with disabilities. But more needs to be done, and the other recommendations of the working group are a good place for policymakers to start.[19]

Beyond making Social Security financially sound, enacting these recommendations would dramatically reduce poverty among retirees by making Social Security's benefit distribution more progressive and by enhancing benefits for widows and widowers. Over a lifetime, the average household in the bottom two quintiles of earners would receive higher benefits than scheduled levels under these proposed reforms, and middle earners would receive benefits roughly at scheduled levels. Nearly all the benefit savings would come from beneficiaries in the top two quintiles of the lifetime earnings distribution.[20]

Although this framework represents a balanced and nuanced approach to restoring solvency, it was recommended six years ago. Since then, the problem has grown, and the time to address it has shrunk. In order to restore long-term solvency today, policymakers would either need to phase in these policies much more rapidly, increase the size of the proposed adjustments, incorporate additional benefit or revenue changes, or some combination. Let me be clear: If you wait another six years to act, it will become nearly impossible to retain Social Security's traditional structure without aggressively curtailing benefits for current beneficiaries.

*Improving Claiming Behavior*

Any discussion of enhancing Social Security's capacity to strengthen Americans' finances in retirement would be incomplete without mentioning the importance of the claiming decision and policymakers' ability to improve outcomes in that area. One of the key financial decisions facing older Americans is when to claim Social Security retirement benefits. Although these benefits are available as early as age 62, claiming later permanently raises monthly benefits, with the maximum benefits available to those who claim at age 70. Delaying claiming is thus equivalent to purchasing a greater inflation-adjusted annuity that will be paid for as long as the beneficiary lives. Most people, however, do not claim Social Security at their optimal age, usually because they claim too early.[21] By some estimates, sub-optimal claiming decisions will cost current retirees $3.4 trillion in retirement income.[22]

Unlike the contentious debates over solvency, this is an example of how public policy could enhance retirement security simply by providing better information at better times. One way that lawmakers could help would be by creating a safe harbor for workplace retirement plan sponsors that responsibly assist participants in making informed decisions about when to claim Social Security benefits or about using their private retirement savings to bridge to a later claiming age. Congress could also instruct the Social Security Administration to rename the program's claiming ages with terminology that better informs prospective beneficiaries or to revisit the efficacy of the Retirement Earnings Test, which is poorly labeled and often misunderstood in a way that discourages work.[23]

In addition to improving individual retirement outcomes, better claiming decisions can lead to better decisions about when to retire. This, in turn, can result in more Americans in the workforce, easing labor market supply shortages and supporting stronger economic growth.

BPC is currently providing technical assistance to a bipartisan group of Senate offices on legislation that would help people make more-informed decisions about when to claim Social Security. I would be happy to discuss this promising area further in the Q&A.

**The Three-Legged Stool**

Although Social Security plays an integral role in Americans' retirement security, it is only part of the picture. Private savings and workplace retirement plans form the other posts of the proverbial "three-legged stool" model of retirement security. BPC's Commission approached its charge holistically because that is how people think about and plan for retirement.

Many Americans are anxious about retirement (if they believe they will be able to retire at all), and for good reason—the three-legged stool is unstable at best. Beyond Social Security's unsustainable finances and outdated structure, too many Americans lack access to workplace retirement savings plans, do not have enough personal savings for short-term needs, risk outliving their retirement savings, fail to build and use home equity to support retirement security, and lack basic knowledge about personal finance.[24] But the solution is to reinforce—not throw out—the stool.

BPC's Commission put forward a comprehensive package of bipartisan proposals to address these key private-sector challenges facing American households—proposals that complement one another and create a policy solution far more effective than a piecemeal approach. In particular, federal policy that helps to ensure nearly all working Americans have access to a well-designed workplace retirement savings plan can dramatically increase the funds that households are able to accumulate with the support of their employer. Modeling conducted for BPC's Commission showed that these additional savings can more than offset necessary Social Security benefit adjustments for Americans in the upper half of the lifetime earnings distribution. This type of integrated solution can ensure that conversations about Social Security solvency do not just entail painful decisions about curtailing benefits and raising taxes, but rather improved retirement security for nearly all Americans.

In sum, policymakers must shore up Social Security's OASI Trust Fund, but they should not stop there, and I hope you consider the full package of reforms outlined in the report.

**Need for Bipartisanship**

The BPC Commission's report is far from the only solvency plan that has been proposed in recent years. In fact, several have been submitted by current members of Congress. Whether it is Chairman Sanders' and Congressman Peter DeFazio's (D-OR) Social Security Expansion Act (2019, updated for this hearing), Congressman Sam Johnson's (R-TX) Social Security Reform Act (2016), or Congressman John Larson's (D-CT) Social Security 2100 Act (2019), all these members deserve significant credit for putting forth credible solutions to this politically vexing challenge. But as mentioned, the ultimate fix will need bipartisan support, so while components of these proposals can be part of a package, the red lines embodied by each of them must be relaxed.

This retirement security challenge—headlined by Social Security's financial shortfall—has existed for a long time, and unfortunately, as of 2018, it had spurred little recent action from policymakers. Out of that reality, we launched the Funding Our Future initiative, in partnership with Ric Edelman of Edelman Financial Engines, to showcase the broad and collaborative base of support that retirement security has and requires. The U.S. retirement system's shortcomings are significant and will not disappear overnight. Our coalition's strength is directly tied to the bipartisan nature of this issue, allowing many voices to come together with the shared goal of making long-term financial security a reality for households across the country. Because of this broad tent, we now have roughly 60 organizations involved in this effort, spanning the academic, nonprofit, trade association, and corporate sectors. Our work also recognizes that retirement security cannot be viewed in a vacuum—preparing for retirement is a lifelong pursuit that can get knocked off course by all sorts of financial pressures.

Although the coalition does not take a stance on legislation, the effort strives to elevate the solutions available—at both the federal and state levels and within the private sector—to tackle these challenges.

Three key goals representing the financial lifecycle are shared by all our partners: (1) make saving easier for Americans at all ages; (2) help them transform nest eggs into retirement income; and (3) ensure that Social Security continues to be financially stable, both for current and future retirees.

The function of our coalition is to highlight the gaps in our existing system, encourage more people to save, advance financial literacy, and promote solutions that ultimately improve financial security for all Americans as they age. We have been honored to collaborate with several members of Congress from both parties in our work, and we welcome the opportunity to engage further with any of you who are looking to advance this critical issue.

I want to conclude by thanking the Committee once again for convening this hearing. Social Security solvency often feels like an intractable problem, but with your continued leadership and bipartisan collaboration—as was recently on display with COVID-relief and the infrastructure law—progress is possible. I look forward to your questions.

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**Testimony of Stephen C. Goss, Chief Actuary, Social Security Administration**

**June 9, 2022, Hearing of the US Senate Committee on the Budget: "Saving Social Security: Expanding Benefits and Demanding the Wealthy Pay Their Fair Share or Cutting Benefits and Increasing Retirement Anxiety"**

Chairman Sanders, Ranking Member Graham, and members of the committee, thank you for the invitation to speak with you today on the current financial status and future prospects for the Old-Age and Survivors Insurance and Disability Insurance programs, commonly referred to as Social Security.

**Results of the 2022 Trustees Report**

The annual report to Congress on the Social Security program is required by law to include the trust fund operations of the prior year, the projected operations of the next 5 years, and the actuarial status of the funds.

The data and projections in this year's report include the Trustees' best estimates of the effects of the COVID-19 pandemic and the ensuing economic recession and recovery. Assumptions for the 2022 report were set by mid-February of 2022. The pandemic is projected to have continuing significant effects on the Social Security program in the near term, and relatively little net effect over the long run. As we have seen since February, the future course of the pandemic is still uncertain.

At the end of 2021, the Social Security program was providing monthly benefits to about 65 million people: 56 million from the OASI Trust Fund and 9 million from the DI Trust Fund. During 2021, an estimated 179 million people had earnings covered by Social Security and paid payroll taxes on those earnings.

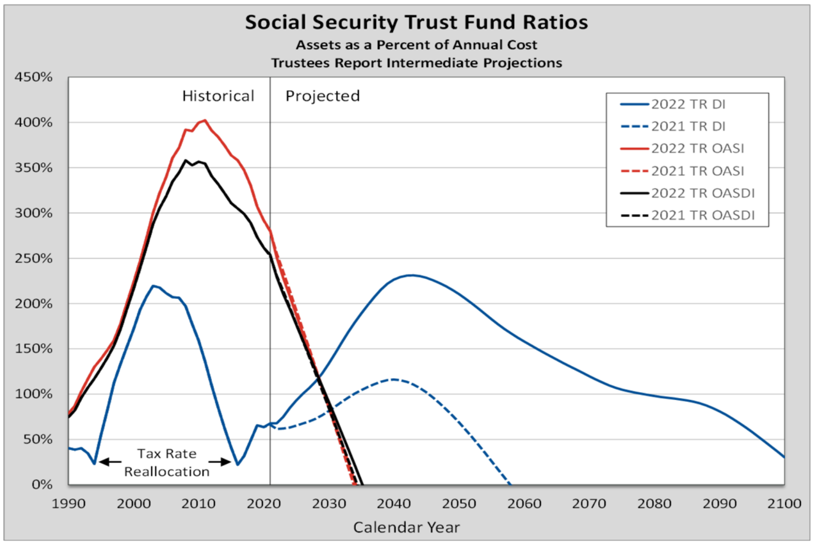
The economic recovery from the brief recession in 2020 has been stronger and faster than assumed in last year's report. As a result, the assumed 1-percent reduction in the level of labor productivity and GDP that was incorporated in the 2021 report is eliminated for the 2022 report.

The December 2022 COLA is projected to be 3.8 percent for this year's report, down from 5.9 percent for the December 2021 COLA. However, recent increases in the CPI make it likely that the December 2022 COLA will be over 8 percent. We note that average earnings levels also appear to be increasing faster than had been assumed for this year's report. These two changes will tend to have offsetting effects on the financial status of the Social Security program.

Based on the intermediate assumptions, the long-range actuarial deficit for the combined OASI and DI Trust Funds over the next 75 years is now 3.42 percent of taxable payroll, 0.12 percent of payroll lower than the deficit of 3.54 percent of payroll shown in last year's report. This 75-year deficit equals 1.2 percent of the nation's economy, or GDP, over that period.

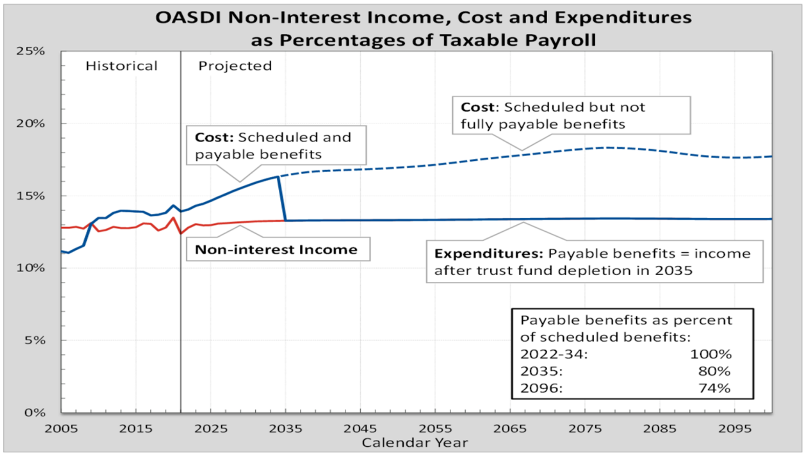
"Solvency" for the Social Security trust funds at any point in time means having sufficient asset reserves to allow for full, timely payment of all scheduled benefits that are due. Social Security does not have the ability to borrow under current law, and would be unable to pay scheduled benefits in full and on time if reserves become depleted, because continuing tax revenue would be less than monthly benefit obligations. As such, Social Security cannot contribute to the level of total federal debt and can only diminish the mount of federal borrowing from the public to the degree the trust funds hold reserves in US Treasury securities.

As shown in the graph below, the level of the combined OASI and DI Trust Fund reserves is projected to decline until the combined reserves become depleted in 2035, one year later than projected in last year's report. Over the past 30 reports, the year of combined reserve depletion has ranged from 2029 to 2042. The OASI Trust Fund reserves are projected to become depleted in 2034, also one year later than in last year's report.

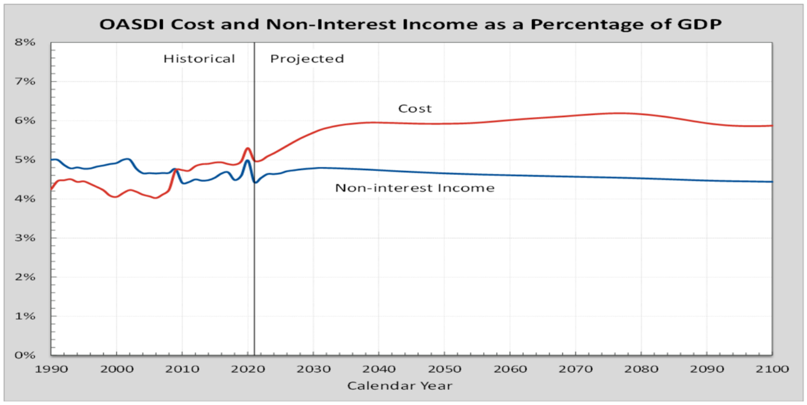



DI Trust Fund reserves are now projected to be positive through the end of the 75-year projection period. In last year's report, DI reserves were projected to become depleted in 2057. This change results largely from more favorable recent disability incidence rates and the reduction in the assumed ultimate disability incidence rate.

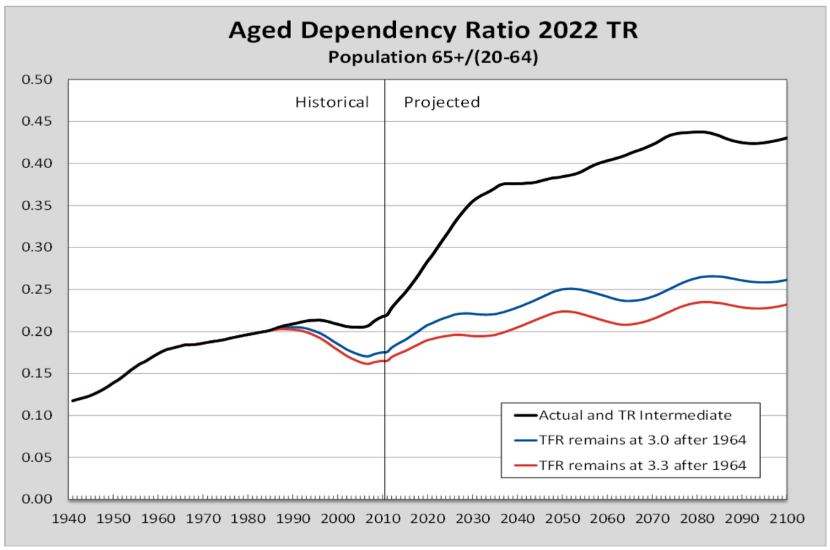
The graph below shows that Social Security program cost has been increasing more rapidly than non-interest income since 2008, and is projected to continue to do so through about 2040, after which time the difference between scheduled benefit cost and scheduled non-interest income will be fairly stable. Without legislative change, continuing revenue after reserve depletion in 2035 would be sufficient to finance 80 percent of scheduled cost, declining to 74 percent by 2096.



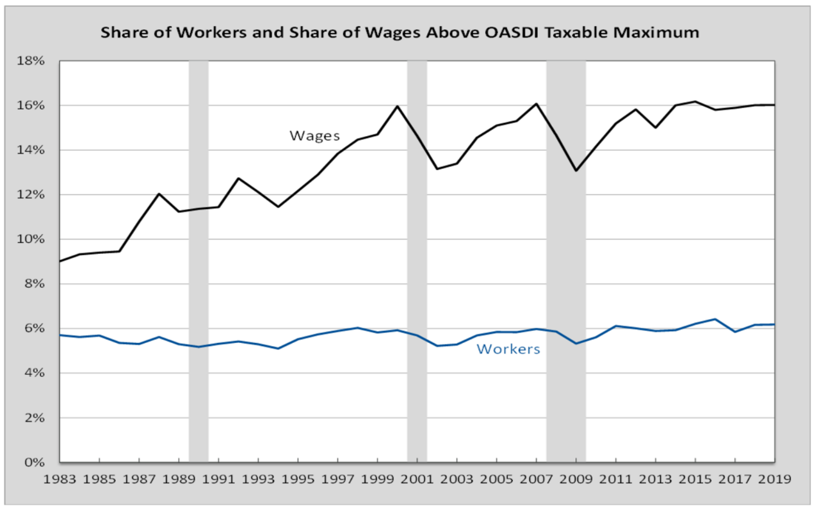

It is also useful to consider the scheduled cost and revenue for Social Security as a percent of GDP, the total value of goods and services produced in the country. For many years prior to 2008, the cost of benefits was about 4.2 percent of GDP, but it has been projected to rise to about 6 percent of GDP by 2040 and remain at that level thereafter. This imbalance needs to be addressed in order for the Social Security program to be fully solvent in the long run. Current-law scheduled benefits are sustainable, but an increase in revenue equivalent to 1.2 percent of GDP over the 75-year long range period would be required.



The natural question is why the cost of providing scheduled Social Security benefits is rising so significantly in 2008 through 2040. The primary reason is the changing age distribution of the US population. Birth rates have declined from about 3.3 children per woman in a lifetime between 1946 and 1965 to about 2 children in a lifetime since about 1970. These reduced birth rates have fundamentally altered the ratio of the population over age 65 (a rough proxy for the beneficiary population) to the population at ages 20-64 (a rough proxy for the working age population). This "aged dependency ratio" almost doubles between 2008 and 2040. As seen in the graph below, the ratio would have risen far less if birth rates had remained close to the levels seen prior to 1970. The much more gradual increase seen in the blue and red lines is due to increasing longevity.

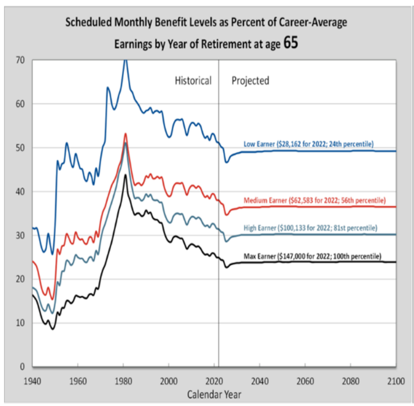


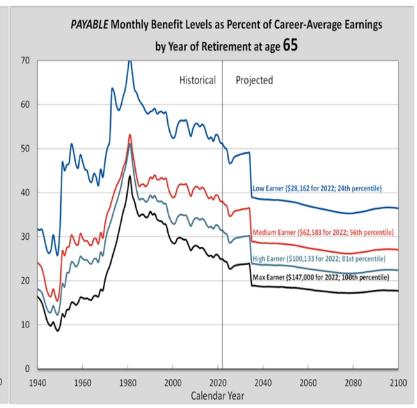
An additional factor that has affected Social Security financing is the fact that the share of total earnings subject to the payroll tax has declined since 1983, because of an increasing concentration of earnings among the highest earners. Earnings taxed by Social Security are limited to the taxable maximum level ($147,000 in 2022), which is indexed annually to the rise in the national average wage level. The graph below shows that consistently since 1983, about 6 percent of wage earners have had annual wages above the taxable maximum level. But between 1983 and 2000, the share of covered earnings received by that top 6 percent of workers has risen from about 9 percent to 16 percent, substantially lowering the tax base for financing the Social Security program.




With the increasing cost relative to GDP because of the changing age distribution of the adult population, and the declining share of workers' earnings subject to payroll tax, Social Security financing has been under increasing pressure. In the absence of legislative changes, the full scheduled level of benefits intended in current law will not be payable starting in 2035.

The adequacy of Social Security benefits is best understood by considering benefit replacement rates. The replacement rate is the ratio of the monthly benefit payable from Social Security to the average monthly career earnings level for a worker beneficiary. These replacement rates were included in Trustees Reports for many years prior to 2014, and are now available annually based on the latest Trustees Report assumptions at https://www.ssa.gov/OACT/NOTES/ran9/index.html. Replacement rates at age 65 are shown in the graphs below for retired worker beneficiaries starting receipt of benefits in different years, both on the basis of scheduled benefits and on the basis of payable benefits—what would be payable in the absence of legislation to eliminate reserve depletion in 2035 and the shortfalls thereafter.



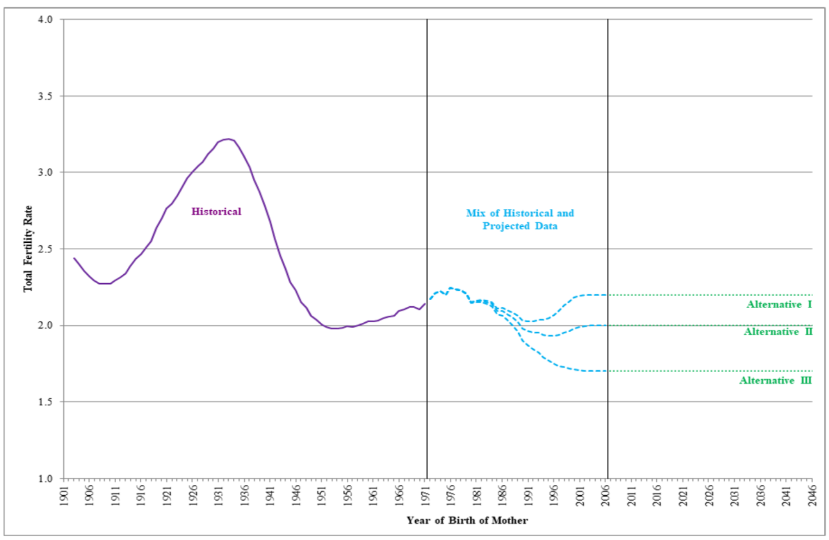




Because Social Security has no borrowing authority, the scheduled benefit levels will not be payable starting in 2035 in the absence of legislative change. In that case, only 80 percent of scheduled benefits would be payable after trust fund reserve depletion in 2035, declining somewhat to 74 percent payable in 2096.

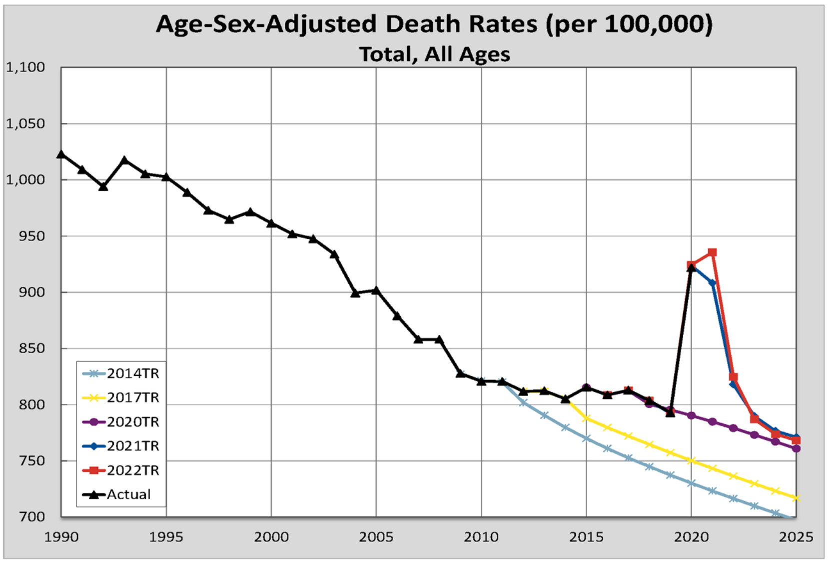
**Assumptions Underlying the Projected Actuarial Status of the Social Security Trust Funds**

As indicated earlier, birth rates are the most consequential factor in determining the future cost of Social Security relative to the program's income. The drop in birth rates after 1965 is changing the age distribution of the population very substantially and will require an increase in the future contribution rate from current workers, a reduction in benefit levels from those in current law, or additional sources of revenue for the program. Birth rates for women over their lifetime on a generational basis (by birth year of mother) dropped substantially for women born through 1950, and then rose through cohorts of women born in the mid 1970's. But this trend has reversed again in more recent years, and fertility rates are expected to drop below 2 children per woman in a lifetime for women born in the mid-1990s, reflecting the diminished birth rates seen since the great recession of 2007-09. However, the birth rates reflected in the intermediate assumptions for the Trustees Report are assumed to ultimately rise to the levels suggested by birth expectations surveys, which indicate that women on average still intend to have around 2 children in a lifetime.

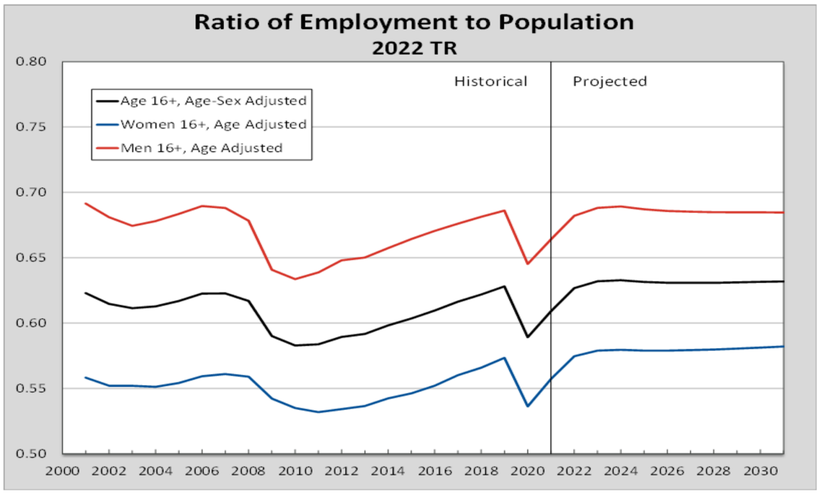
**Historical and Projected Total Fertility Rates by Birth Cohort**



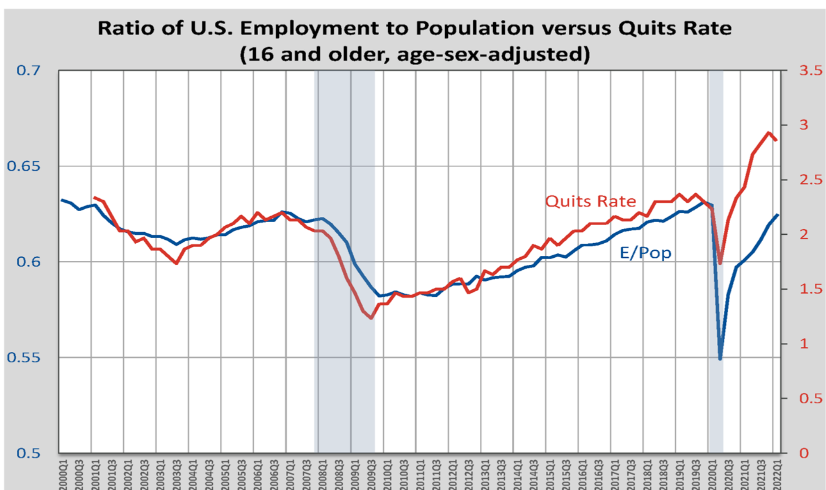
Death rates declined substantially in the latter half of the 20th century, with advances from antibiotics, health care from Medicare and Medicaid, and treatment in cardiovascular disease, in particular. However, since 2009, the decline in age-sex-adjusted mortality in the US has slowed very substantially. Compared to the Trustees' projections in 2014 and 2017, death rates through 2019 have remained much higher than expected. Note that the substantial elevation in death rates in the current pandemic is expected to dissipate in the next 2 to 3 years.



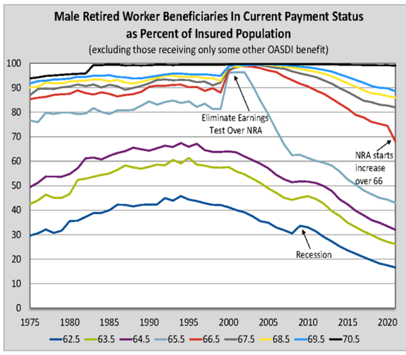
Employment has been a positive story in 2021 and 2022. While the drop in the ratio of employment to adult population recovered very slowly after the 2007-09 recession, taking almost 10 years to fully recover, employment rates since the 2020 recession have rebounded dramatically, contributing to the slightly improved actuarial status for Social Security seen in the 2022 Trustees Report.

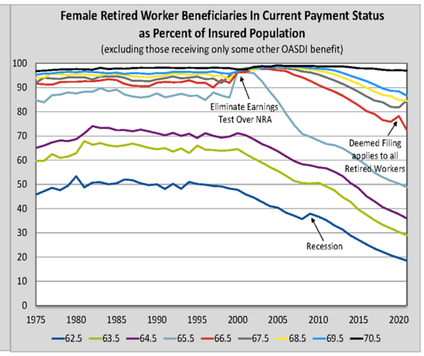



The graph below helps explain the rapid recovery in employment since 2020. The "quits rate," the percentage of workers who voluntarily leave a job, has risen in the recent recovery to an unusually high level, indicating the great demand for employees and the opportunity for job change.

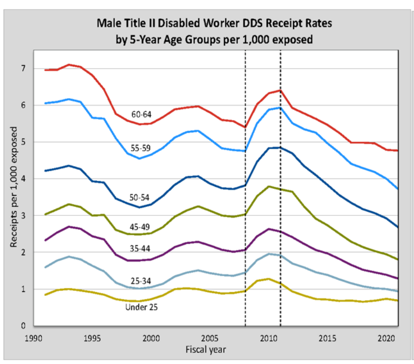


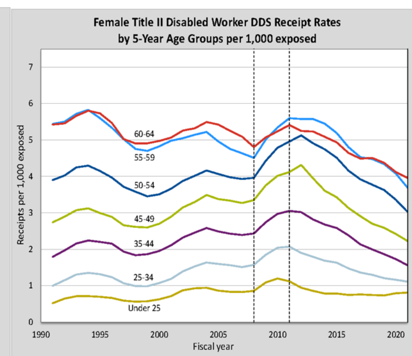
A further notable trend has been the increasing age at which individuals are retiring and starting their Social Security retirement benefits. The percentage of insured workers who start receiving their benefits at ages below the normal retirement age (age 65 until 2000, and now age 67) has declined substantially since the mid 1990's, and more and more individuals are waiting until well after normal retirement age to start their benefits in more recent years. Consistent with the increased demand for workers with the changing age distribution of the population, many workers have been working longer.



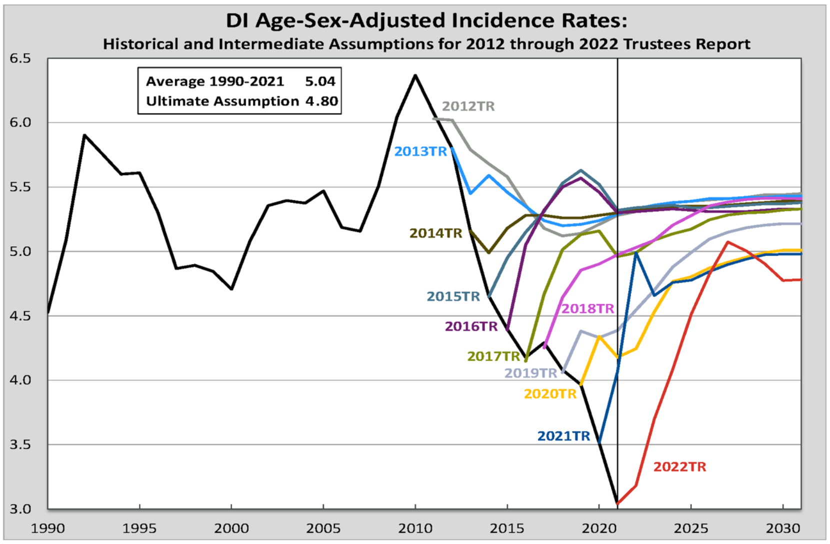




The rate of application for Social Security disability benefits has also dropped substantially since 2010 to very low levels in 2016 through 2019, prior to the pandemic.

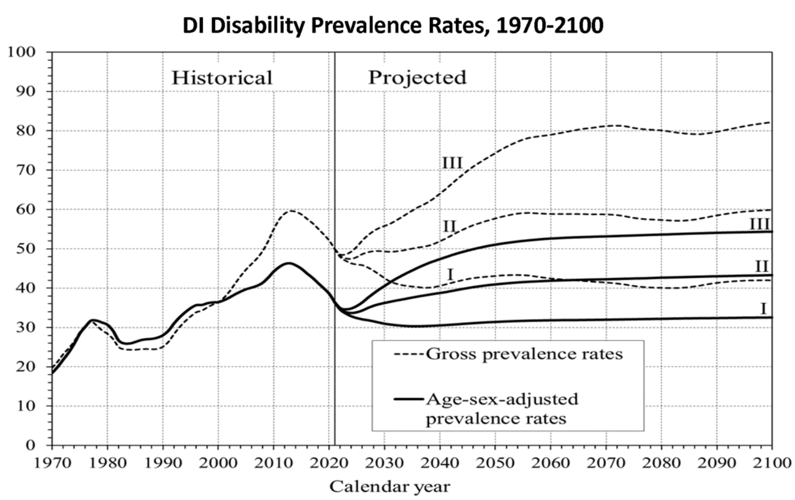



The level of disability applications and thus the disability incidence rate has been far below expectations since the projections in the 2012 Trustees Report. This experience has led to several incremental reductions in the ultimate assumed disability incidence rate, including a further reduction to 4.8 per thousand exposed workers for the 2022 Trustees Report. This experience and incremental change in the ultimate incidence rate is the primary reason for the current projection that the Social Security Disability Insurance program will now be adequately financed through the next 75 years.




However, disability incidence rates are still assumed to rise to a level substantially above the levels seen in the years before the pandemic. As a result, disability prevalence, the share of insured workers receiving benefits, is projected to rise to levels near the historical peak seen immediately following the 2007-09 recession.



**Conclusion**

Legislation will be needed before 2035 in order to sustain the ability to pay all Social Security benefits in full and on time. The retirement of the baby-boom generation is increasing the number of beneficiaries much faster than the increase in the number of covered workers, as subsequent lower-birth-rate generations replace the baby-boom generation at working ages. After 2040, this increased ratio of beneficiaries to workers will persist indefinitely due to the lower level of birth rates compared to the birth rates before 1970. This fundamental change in the age distribution of the population will require the Congress to modify scheduled benefit levels, scheduled payroll tax levels, or add additional sources of revenue for the Social Security program.

By 2035, the Congress will need to reduce scheduled benefits by about 25 percent, increase scheduled revenue by about 33 percent, or make some combination of these changes. The sooner changes are enacted, the more options can be considered, the more gradually changes can be phased in, and the more advance notice will be possible for those who will be affected.

Thank you again for the opportunity to talk to you today. I look forward to answering any questions you may have.

**Response to Written Question of Senator Patty Murray for Ms. Nancy J. Altman**

**Question:** Social Security is one part of the so-called "three-legged stool" of retirement security. Private savings and employer-sponsored retirements plans – like 401(k)s and 403(b)s – also play an important role in how people think about and plan for their retirement. As Chair of the Health, Education, Labor and Pensions (HELP) Committee, I am working to advance solutions to strengthen the employer-sponsored leg of the retirement stool. The HELP Committee is set to vote on the Retirement Improvement and Savings Enhancement to Supplement Healthy Investments for the Nest Egg (RISE & SHINE) Act, which creates additional protections for workers and retirement savers at all stages of their retirement timelines.

**How can Congress work to ensure that federal policies being debated in other Senate Committees support solutions to the Social Security program that were discussed at today's hearing?**

**Answer:** As you know and as you have been working hard to address, the nation is facing a retirement income crisis. Too many workers fear they will never be able to retire without drastic reductions in their standards of living. Indeed, numerous polls and surveys over recent years reveal that not having enough money in retirement leads the list of Americans' top financial concerns.

Expert analyses make clear that Americans' concerns about retirement are well founded. The Center for Retirement Research at Boston College reports that one out of two working-age households will be unable to maintain their standards of living in retirement even if they work until age 65, take out reverse mortgages on their homes, and annuitize all of their other assets. Moreover, the number of "at risk" working-age households increases to over 60 percent when health care costs are taken into account.

While private retirement arrangements play an important role for some retirees, expanding Social Security is the most important part of the solution to our nation's retirement income crisis. Social Security is the most universal, portable, secure, efficient and fair form of retirement income. Because it uses the same formula, increasing the benefits for retirees also increases benefits for survivors, as well as people with disabilities, their families, and families of retirees.

In 2019, the 116th Congress enacted the SECURE Act, which provided increased tax incentives for private-sector retirement plans. At the start of this Congress, the crisis facing multiemployer plans was addressed as part of the American Rescue Plan. That legislation saved the pensions of 1.5 million workers. Congress appears to be about to enact SECURE 2.0, which builds on the already enacted SECURE Act. As you mention, the HELP Committee is about to vote on the RISE & SHINE Act. In stark contrast, it has been half a century since Congress has enacted legislation to expand Social Security.

It is well past time that Congress enact one of the many proposals to protect and expand Social Security. Every member of Congress who cares about addressing the retirement income crisis should immediately cosponsor H.R. 8005/ S. 4365, the Social Security Expansion Act; H.R. 5723/ S. 3071, Social Security 2100: A Sacred Trust; and, if they want, introduce their own proposal to expand Social Security without cuts, while reducing or eliminating Social Security's projected shortfall. (Social Security Works is happy to work with any office to formulate a proposal that meets these goals.) Co-sponsorship by members of the Senate Finance Committee and the House Ways and Means Committee is especially important.

In addition to co-sponsorship, every member should urge the committees of jurisdiction to report out legislation, and should urge leadership to bring the legislation to the Floor for a vote. They should also urge the administration to champion the efforts, which are consistent with the pledge President Biden made during his successful 2020 run for president.

For the reasons detailed in response to your question about the TRUST Act, all actions should be done in the sunshine, as has always been done. Democrats should resist Republican efforts to reach a compromise behind closed doors, through an undemocratic process where legislation is fast-tracked and unamendable.

Poll after poll reveals that the American people overwhelmingly support expanding Social Security, without cuts, while requiring the wealthiest to pay more. If Congress follows the will of the people, it can legislate in the sunshine and be applauded by those they serve.

**Question:** Social Security is the bedrock of economic security for millions of people across the country. It is a promise that if you work hard, you will have some security when you retire. It is a safety net to keep seniors out of poverty and support people with disabilities. And it is a pledge that if your spouse or parent passes away, you will have crucial financial protections. Social Security is most often thought of as a retirement program, but it is also a comprehensive national family insurance program, protecting families of deceased workers and people with disabilities from falling into poverty. Indeed, one-fifth of beneficiaries receive survivors' or disability insurance benefits.

Social Security Disability Insurance benefits provide crucial income support to people with disabilities every month. This modest support keeps people with disabilities in their communities and helps individuals pay for rent and keep food on their table. To access benefits, people with disabilities have to navigate incredibly complex disability determination process that many individuals and families are left not even trying to access benefits or are left waiting for help. Right now, over 1 million disability claims are pending at state disability determination service agencies.

**What immediate steps can the Social Security Administration take to improve outreach to potential beneficiaries and overall customer experience?**

**Answer:** The Social Security Administration has been underfunded, and understaffed, for over a decade. Between 2010 and 2021, SSA's operating budget shrank by 13 percent, in inflation-adjusted dollars, even as the number of beneficiaries grew by 22 percent. Congress imposed these budget cuts despite Social Security's accumulated reserve of $2.85 trillion, more than enough to fully fund operating costs without adding even a penny to the federal debt. Moreover, Congress has earmarked large parts of SSA's budget for misnamed "program integrity," a euphemism for clawing back benefits rather than providing benefits in a timely fashion to everyone who is eligible.

The underfunding is particularly harmful for people with disabilities, who can become homeless or even die while waiting for a hearing to determine their eligibility for benefits. Moreover, important research has found that "field office closings lead to large and persistent reductions in the number of disability recipients….The number of disability recipients declines by 13% in surrounding areas, with the largest effects for applicants with moderately severe conditions, low education levels, and low pre-application earnings."

Nevertheless, notwithstanding the underfunding, there are important low-cost steps that the Social Security Administration can take to improve its service to the public, particularly those with disabilities. One simple step is to advise everyone who applies for early retirement benefits that they can simultaneously also apply for disability benefits. They can begin to receive their early retirement benefits and, if found eligible for disability benefits, be switched over and provided a back payment for the higher benefits they should have been receiving at the time they applied for early retirement benefits.

In addition, SSA should intensify outreach to underserved disadvantaged populations, including homeless people and those who have been incarcerated and are about to be released. Through its communications, SSA should seek to counteract the false messaging of opponents of Social Security, that those seeking disability benefits are somehow committing fraud, and instead make clear that Social Security's disability insurance benefits are earned.

**Question:** A lot has changed in the eight decades since Social Security was passed—we have more women in the workforce, more dual-income families, and fewer employers offering pensions. We absolutely have to take steps to respond to those changes, and make sure Social Security is still strong enough to guarantee worker benefits, provide protection for people with disabilities, and support seniors for generations to come.

I strongly believe that we must fight not only to preserve Social Security, but also to strengthen and protect it, so that future generations have confidence in the program and can retire with dignity. Specifically, I am firmly opposed to the TRUST Act because the rescue committees created by this legislation are really a means to take unpopular actions that would otherwise be impossible through the normal legislative process.

**Why do you believe that changes to the Social Security program should be addressed in the open and not through a fast-tracked process?**

**Answer:** Like the post offices and the interstate highway system, Social Security is an institution that affects everyone and is overwhelmingly popular. As divided as the American people are over many issues, we are not divided about Social Security. Poll after poll reports that overwhelming percentages of Republicans, as well as Democrats and Independents, strongly oppose all benefit cuts. They want to see Social Security expanded, and the wealthiest pay more.

The only reason to make changes to Social Security behind closed doors is to do what the American people don't want — make benefit cuts. Republicans in Congress want Democrats to join them behind closed doors to devise legislation that is fast-tracked and subject only to an up or down vote, without amendment, in order to avoid political accountability. Democrats must resist these efforts.

Republicans have refused to release a comprehensive plan for Social Security, and instead insist on going behind closed doors, because they know their proposals are unpopular with their own voters. When policymakers do what the American people want, there is no reason to be anything but transparent and open.

The debate about Social Security should happen in the sunshine, through regular order, because that will produce the wisest policy. It also will allow voters to know where their elected leaders stand. As stated above, in response to your first question, Democratic Senators and Members should urge the committees of jurisdiction to report out legislation, and should urge leadership bring the legislation to the Floor for a vote, ideally this summer, before November. They should also urge the administration to champion the efforts, which are consistent with the pledge President Biden made during his successful 2020 run for president. That way, when voters go to the polls, they will know where their representatives stand on this crucial issue.

**Responses to Written Questions of Senator Sheldon Whitehouse from Ms. Nancy J. Altman**

**Question:** Supplemental Security Income (SSI) is a federal assistance program that provides vital income assistance to nearly 8 million seniors and persons with disabilities with very low-incomes and limited resources. The asset limits have not increased since the 1980s. I am concerned that the current asset limits—$2,000 for individuals or $3,000 for a married couple—punish individuals for working, getting married, and saving for emergencies—much less the significant amounts needed for retirement security.

I am a proud cosponsor of Senator Brown's Supplemental Security Income Restoration Act, which (among other provisions) would lift the SSI asset limit to $10,000 for individuals and $20,000 for couples, and indexes these limits to inflation moving forward.

**Would raising the SSI asset limits encourage labor force participation and help recipients save for emergencies and retirement?**

**Answer:** Absolutely. As low as SSI benefits are in relation to what is needed to meet basic needs, recipients must have virtually no resources or other income even to receive those minimal benefits, as your question points out. Congress has explained that it allows SSI recipients to have some resources in recognition of the need to meet unexpected expenses that could not be covered by current income. The allowable resources are much too restricted, however, to satisfy Congress's intent that they cover the cost of emergencies. Congress excludes from countable resources a home and a car. The cost of replacing that house's roof or furnace, however, likely exceeds those asset limits, and most car repairs will cost an extremely high percentage of those savings.

It is not hyperbolic to say that the restricted limits cause death. Many low-income seniors are forced to choose between "food or other necessities, or a dangerously cold living space," according to Justice in Aging, among the nation's leading SSI experts. A disproportionate number of those aged 65 or older die from extreme cold or heat every year.

The inadequate resource limits are a cliff: Even one dollar more than those limits means failure to qualify. Once benefits are being paid, one dollar over the resource limit on the first day of any month causes recipients to lose eligibility until their resources again meet those extremely strict limits.

With the limits so low, SSI penalizes savings. As just explained, the resource limit prohibits savings above the exempt amount. Exceeding the limit results not just in the loss of SSI cash benefits but also can result in the loss of Medicaid eligibility, housing assistance, and other benefits. Consequently, prudent recipients have to avoid getting close to the line.

Moreover, the limits, together with the effective 100 percent tax on unearned income above $20, are a further discouragement of savings. Recipients gain no additional income from the interest on the savings, despite forgoing current consumption. Worse, if recipients are not meticulously careful, the interest could cause them to accidentally exceed the resource limits, inadvertently triggering a loss of Medicaid and other assistance.

It is well past time that those limits be updated. As you have astutely observed, they penalize work and savings. They penalize marriage. They do not allow the fulfillment of Congressional intent to permit those eligible for benefits to prudently save for emergencies.

Updating the limits, as you seek to do, will streamline administration and save money.

Because of SSI's complicated, burdensome and overly exacting rules, which include its stringent asset limits, SSI is expensive to administer. While SSI accounts for just five percent of the benefits administered by the Social Security Administration ("SSA") and fewer than an eighth as many people receive SSI as Social Security, the agency nevertheless spends almost as much to administer SSI as it does to administer Social Security. In fiscal year 2023, SSA is requesting $6.5 billion to administer Social Security and 80 percent of that amount – $5.2 billon – to administer SSI.

For all these reasons, Social Security Works has enthusiastically endorsed the SSI Restoration Act and is working hard to encourage your colleagues to join you in cosponsoring it.

**Responses to Written Questions of Senator Patty Murray for Robert Roach, Jr.**

**Question:** Social Security is one part of the so-called "three-legged stool" of retirement security. Private savings and employer-sponsored retirements plans – like 401(k)s and 403(b)s – also play an important role in how people think about and plan for their retirement. As Chair of the Health, Education, Labor and Pensions (HELP) Committee, I am working to advance solutions to strengthen the employer-sponsored leg of the retirement stool. The HELP Committee is set to vote on the Retirement Improvement and Savings Enhancement to Supplement Healthy Investments for the Nest Egg (RISE & SHINE) Act, which creates additional protections for workers and retirement savers at all stages of their retirement timelines.

**How can Congress work to ensure that federal policies being debated in other Senate Committees support solutions to the Social Security program that were discussed at today's hearing?**

**Answer:** The Alliance for Retired Americans strongly believes that Social Security is the bedrock of all Americans' retirement plans and must be strengthened. Nearly 50% of retired Americans today depend on Social Security for half of their income, and one in four over age 65 relies on Social Security for 90% of their income. Without this system we would see millions of seniors living in poverty. Since 1935 the Social Security Administration has provided income protection for retirees, individuals with disabilities and families who have lost a wage-earner. Moreover, Social Security's programs serve as an entry point towards accessing other benefit programs such as Medicare, Medicaid, and the Supplemental Nutrition Assistance Program (SNAP).

Certainly, working to augment and supplement Social Security benefits and improve the overall retirement security of our nation's senior citizens via legislation such as the "Retirement Improvement and Savings Enhancement to Supplement Healthy Investments for the Nest Egg Act," which creates additional protections for workers while strengthening emergency savings, can be advantageous to our nation's seniors if Congress is receptive to ideas from both chambers and incorporates legislation from multiple committees. However, the bills under discussion must truly serve to improve the well-being and retirement security for our seniors. The Alliance strongly believes that simultaneously strengthening and expanding Social Security, while passing legislation to fortify defined pension benefit plans from attack, can help ensure that seniors will enjoy a dignified retirement after a lifetime of hard work.

**Question**: The current Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO) under the Social Security Act unfairly reduce or eliminate Social Security benefits for millions of Americans who worked for jobs not covered by Social Security – like careers in state public service. **How would repealing the WEP/GPO help the financial security of the millions of Americans affected by these provisions?**

**Answer:** Repealing the WEP-GPO would make thousands of retirees whole. That is to say that the thousands of retirees who are denied their "earned benefits" because of a decades old law would benefit from the repeal by getting the Social Security benefits they deserve. This would be a tremendous financial boost not only to senior citizens but restoring these benefits would be advantageous for the overall economy as well, given that seniors support tens of millions of jobs and contribute trillions of dollars annually to our nation's economy.

**Response to Written Question of Senator Sheldon Whitehouse for Robert Roach, Jr.**

**Question:** Approximately one-fourth of employees of state and local governments participate in a public retirement system in lieu of Social Security. This includes roughly 40% of public school teachers and over two-thirds of firefighters, police officers, and other first responders—many of them in Rhode Island.

The Windfall Elimination Provision and Government Pensions Offset target these teachers, firefighters, police officers, and other public servants after careers sacrificing for the good of their communities.

I'm a proud cosponsor of the bipartisan Social Security Fairness Act, led by Senators Brown and Collins, which repeals the Windfall Elimination Provision and the Government Pension Offset that target these public servants.

**Please explain how the Windfall Elimination Provision and the Government Pension Offset harm teachers, firefighters, police officers and other public servants.**

**Answer:** The WEP adversely affects nearly 2 million public sector retirees with public pensions, and the GPO reduces by 2/3 the spousal or survivor benefits of nearly 800,000 retirees who collect a public pension. Those hurt by these provisions are people such as educators who may not have earned Social Security benefits in their public school position. The WEP also affects people who move from a job in which they earn Social Security to a job, like teaching, in which they do not. In a similar fashion, the GPO affects the spousal benefits of people who work as federal, state or local government employees, including educators, police officers, and firefighters, if the job is not covered by Social Security.

These outdated provisions deprive educators and other public employees of the benefits they have earned and secure retirement they deserve. The Alliance believes that denying retirees their rightfully earned benefits at a time when many seniors face increased medical, housing and food bills is terribly unfair and must be changed.

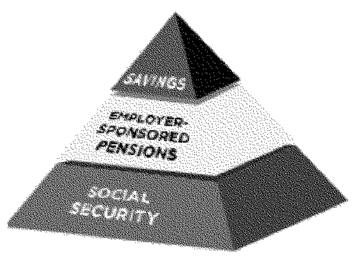
**Response to Written Question of Senator Patty Murray for Mr. Alex Lawson**

**Question:** Social Security is one part of the so-called "three-legged stool" of retirement security. Private savings and employer-sponsored retirement plans – like 401(k)s and 403(b)s – also play an important role in how people think about and plan for their retirement. As Chair of the Health, Education, Labor and Pensions (HELP) Committee, I am working to advance solutions to strengthen the employer-sponsored leg of the retirement stool. The HELP Committee is set to vote on the Retirement Improvement and Savings Enhancement to Supplement Healthy Investments for the Nest Egg (RISE & SHINE) Act, which creates additional protections for workers and retirement savers at all stages of their retirement timelines.

**How can Congress work to ensure that federal policies being debated in other Senate Committees support solutions to the Social Security program that were discussed at today's hearing?**

**Answer:** Social Security is the most important form of retirement income. Unlike private sector alternatives, it is fully portable from job to job. It is universal, efficient, and secure. In addition to providing security in retirement, it serves as wage insurance against disability and the loss of a family breadwinner.

A pyramid is a more apt picture than a stool for illustrating the roles of Social Security, pensions and savings. Social Security is the foundation that everyone relies on. Some are able to build on that foundation with pensions and then savings. But the three parts are definitely not equal.




Some retirees do rely on pensions, 401ks, and other private sector retirement plans, and Congress has an important role to play in making sure that these retirees get the benefits they've earned. The American Rescue Plan rightfully addressed the crisis facing multiemployer plans. But for future generations, defined benefit pensions are rare and 401ks have proven a woefully inadequate substitute. The way to address our nation's retirement income crisis is to expand Social Security.

**Response to Written Question of Senator Patty Murray for Ms. Maya MacGuineas**

**Question:** Social Security is one part of the so-called "three-legged stool" of retirement security. Private savings and employer-sponsored retirements plans – like 401(k)s and 403(b)s – also play an important role in how people think about and plan for their retirement. As Chair of the Health, Education, Labor and Pensions (HELP) Committee, I am working to advance solutions to strengthen the employer-sponsored leg of the retirement stool. The HELP Committee is set to vote on the Retirement Improvement and Savings Enhancement to Supplement Healthy Investments for the Nest Egg (RISE & SHINE) Act, which creates additional protections for workers and retirement savers at all stages of their retirement timelines.

**How can Congress work to ensure that federal policies being debated in other Senate Committees support solutions to the Social Security program that were discussed at today's hearing?**

**Answer:** Thank you for this very thoughtful question. Restoring Social Security solvency is one of the most important things Congress can do to strengthen retirement security, promote stronger economic growth, and improve our nation's long-term fiscal outlook. As you rightly suggest, however, we can't think about Social Security in a vacuum. The federal government serves retirees through a number of programs, including Social Security, Supplemental Security Income, Medicare, Medicaid, the Pension Benefit Guarantee Corporation, and military retirement programs, to name a few. Numerous parts of the tax and regulatory code also support retirement savings, pensions, and retiree income.

As you explore reforms to retirement policy, a holistic approach is best. Rather than focusing on the distributional and economic effects of a single policy or program in isolation, it is better to consider the whole picture in order to identify the policies that can best promote retirement security at the lowest cost to the taxpayers. Thinking about these programs and provisions together can also help policymakers to improve retirement signals and incentives. For example, there are currently too many different retirement ages, which create unnecessary confusion and lead to too many costly retirement mistakes.

Short of considering reforms together, Members and Committees working on these issues separately would be wise to communicate with each other informally to assure potential policy changes in other jurisdictions are being kept in mind. The retirement security improvements in the RISE & SHINE Act, in particular, would make it easier for workers to plan and prepare for any adjustments to the Social Security program.

Too often siloed decision-making leads solutions to be less effective and more expensive than they should be. With inflation at a 40-year high, debt approaching record levels, and so many unmet needs, we need to start spending smarter.

Thank you again for you question.

**Response to Written Questions of Senator Patty Murray for Mr. Shai Akabas**

**Question:** Social Security is one part of the so-called "three-legged stool" of retirement security. Private savings and employer-sponsored retirements plans – like 401(k)s and 403(b)s – also play an important role in how people think about and plan for their retirement. As Chair of the Health, Education, Labor and Pensions (HELP) Committee, I am working to advance solutions to strengthen the employer-sponsored leg of the retirement stool. The HELP Committee is set to vote on the Retirement Improvement and Savings Enhancement to Supplement Healthy Investments for the Nest Egg (RISE & SHINE) Act, which creates additional protections for workers and retirement savers at all stages of their retirement timelines.

**How can Congress work to ensure that federal policies being debated in other Senate Committees support solutions to the Social Security program that were discussed at today's hearing?**

**Answer:** Policymakers should look at retirement security—and more broadly, financial security—holistically, which is how Americans experience their own finances. This means examining all components of the proverbial three-legged stool in tandem.
Any bipartisan solution to restore long-term solvency to the Social Security program will inevitably require some beneficiaries to receive lower benefits than they would under current policy. Therefore, policymakers should also focus attention on reforms to help Americans boost their savings through the private-sector system. Indeed, the Bipartisan Policy Center's Commission on Retirement Security and Personal Savings recommended a variety of such improvements. Perhaps most notably, the Commission offered policies that would make it easier and less costly for employers (particularly small businesses) to offer their workers well-designed retirement plans. The Commission paired that approach with a national minimum coverage standard to ensure that nearly all workers in the country have the opportunity to save for retirement through payroll deduction. Modeling conducted for the Commission showed that the combination of these changes with a comprehensive Social Security reform package could maintain or increase total retirement income for most lower- and middle-income Americans. (See pages 101-103.)

In that vein, I'd like to commend the Senate Health, Education, Labor & Pensions Committee and the Senate Finance Committee for pursuing reforms to the retirement savings system as part of the SECURE 2.0 legislative process. The HELP Committee, under your leadership, has already passed its contribution, which includes several reforms that will make a meaningful difference for Americans as they prepare for and live in retirement. A particularly exciting reform contained in your committee's package—and originally recommended by BPC's Commission—would allow employers to automatically enroll their workers into emergency savings accounts alongside their retirement accounts. This could help millions of households weather unexpected financial shocks, avoid suboptimal products like payday loans, and preserve their retirement savings for later in life, as intended.

**Question:** The COVID-19 pandemic has forced older Americans to rethink their retirement plans. An October 2020 study found that 1 in 4 workers expect to delay retirement, including more than one-third of employees 50 years or older (35%) who plan to retire at 70 years or older. That same study also found that nearly one-third of those surveyed in the same age cohort (31%) admit they will need to save more for retirement.

Yet, the Social Security program sends the wrong message as Social Security benefits are linked to earnings.

**In your written testimony, you explain that, as workers near retirement, they continue to pay taxes on earnings to support the Social Security program, yet often accrue little or no additional benefits as a result. What sorts of changes can Congress make to Social Security to improve both individuals' retirement security and the financial solvency of the program?**

**Answer:** Delaying retirement, in cases where a worker can do so, is one of the most powerful ways that a household can improve its retirement security. Such a decision has the dual benefit of generating additional protected monthly income and reducing the number of years for which accumulated savings must cover expenses in retirement.

Policymakers should pay close attention to the "returns to work" that individuals face as they near retirement. Social Security factors into that equation, with payroll taxes levied on earnings and future monthly benefits based on earnings history. Because most workers nearing retirement age already have at least 35 years of work (the number of years incorporated into Social Security's benefit formula), they get limited or no increase in their benefit from remaining in the workforce at the same time as they and their employer continue to contribute 12.4% of their wages to the system. This serves as a work disincentive.

One policy that could address this challenge was included in BPC's Commission report and is referred to by the name "Annual PIA" (or "mini PIA"). This change would reform the benefit formula to accrue in a similar fashion to a defined benefit pension, thereby ensuring that years worked towards the end of a career have a meaningful impact on a worker's benefit. (More information on this reform is available in my written testimony and on pages 90-92 of the Commission report.)

Another reform that deserves consideration is payroll tax relief for workers who have paid into the Social Security program for a certain number of years (perhaps the same or a greater number than are considered for the benefit formula). This policy could be structured in a progressive way by providing tax relief on the first, say, $30,000 of a worker's earnings. Such a change would produce a major increase in take-home pay for low- and moderate-income workers who spend more than the requisite number of years in the workforce.

**Response to Written Questions of Senator Lindsey Graham for Mr. Stephen C. Goss**

**Question:** Does Senator Sanders' newly introduced Social Security Expansion Act meet the conditions of "sustainable solvency"—a concept you note "has been addressed by virtually every comprehensive reform proposal developed by all policymakers"? Has your office ever determined that a Social Security reform proposal would meet the conditions of "sustainable solvency" without either reducing the program's projected costs or raising taxes on those making less than $400,000 a year?

**Answer:** The Social Security Expansion Act does not meet the requirements for sustainable solvency, as the ratio of combined Social Security Trust Fund reserves to annual program cost is declining slowly at the end of the 75-year period. Reserve depletion would not be expected until well after 2100, and likely fully 100 years from now. The quote you indicate was in my Social Security Bulletin article in 2010 (https://www.ssa.gov/policy/docs/ssb/v70n3/v70n3p111.html), reflecting Trustees Reports and proposals considered through 2009. In the 10-year period from 2000 through 2009, we provided estimates for 24 comprehensive proposals intended to improve Social Security actuarial status, and 21 of these were estimated to meet the requirements for sustainable solvency. All proposals for which we have developed estimates since 2000 that have been estimated to meet the requirements for sustainable solvency have increased taxes on earnings below $400,000, have reduced scheduled benefits, or have introduced personal accounts partially replacing Social Security benefits.

**Question:** What do you estimate the top marginal effective tax rates on labor and capital income would be under the Sanders proposal?

**Answer:** For wages and self-employment income in excess of the higher of $250,000 and the current-law OASDI taxable maximum amount, the Social Security payroll tax rate would be increased from zero to 12.4 percent for calendar years 2029 and later, in addition to the personal income tax rate and the Medicare payroll tax rate. The total would thus depend on the marginal tax rate for income tax. For investment income covered under the Social Security Expansion Act, the total applicable tax above specified income limits would be increased by 12.4 percent dedicated to the Social Security Trust Funds, in addition to all other taxes applied and dedicated to the General Fund of the Treasury. The Joint Committee on Taxation would be best to ask for the expected top rate.

**Question:** As you know, increasing the "taxable maximum" on the employer side reduces wages subject to the income tax. Additionally, increasing taxes on capital gains reduces realizations. Given these and other interactions, what share of the OASDI tax revenue raised under the Social Security Expansion Act do you estimate would be lost through lower income tax and Medicare payroll tax collections?

**Answer:** We estimate that when fully implemented in 2029 and later, the application of a 12.4 percent payroll tax above the current-law taxable maximum amount will result in a reduction in wages and other compensation for earnings above the current-law taxable maximum sufficient to offset the added payroll tax liability for the employer. This will reduce total wages and the Social Security payroll tax base by about 0.7 to 0.8 percent. However, this behavioral response will reduce the national average wage index (AWI) to the same degree, reducing Social Security benefit levels in about the same amount as the slippage in payroll tax revenue. The reduction in wages paid over the current-law taxable maximum will also reduce income tax receipts to the General Fund of the Treasury and payroll tax receipts to Medicare, but these reductions would be expected to be more than offset with the 3.8 percent tax on investment income for active participants in S-corporations and limited partnerships.

**Question:** Do your models account for the economic impacts of Social Security reforms? How would the higher wage and investment taxes in the Sanders proposal affect output?

**Answer:** The reduction in after-tax income and demand for goods and services due to higher taxes would be offset in whole or in part by the increase in benefits payable to Social Security beneficiaries who, under current law, would receive only 80 percent of scheduled benefits beginning late in 2035, declining to 74 percent for 2096. We assume no net effect on GDP as a result.

**Question:** How would an 8 percent COLA next year affect the projected exhaustion date of the OASI trust fund, holding all other variables constant?

**Answer:** This would depend on the implications for price levels and growth after 2022. If benefits were higher by 4 percent for one year than projected in the 2022 Trustees Report, with no other change, reserve depletion for the OASI Trust Fund under current law would occur late in 2033 rather than in February or March of 2034. However, we know at this time that the average wage level also rose significantly more in 2021 than had been assumed in the 2022 Trustees Report. Because similar changes in prices and wages tend to offset each other in the long run, it is not clear there will be a significant effect on OASI Trust Fund reserve depletion from this unexpected price and wage inflation.

**Question:** The 2022 Trustees Report now projects that the DI trust fund will remain solvent for at least the next 75 years. But does the program's return to annual cash flow deficits and declining trust fund ratio in the later years of your projection mean that action will eventually need to be taken to prevent the DI trust fund from exhausting?

**Answer:** That is correct. Under the intermediate assumptions of the 2022 Trustees Report, DI Trust Fund reserves would be projected to become depleted around the year 2105, with change needed by that time.

**Question:** The Trustees Report includes stochastic projections of the hypothetical OASDI trust fund's potential financial operations that help illustrate the uncertainty of your estimates. Does the Office of the Chief Actuary prepare stochastic projections of the DI trust fund's possible actuarial status? If so, what do these projections show?

**Answer:** We develop the stochastic projections on a combined OASI and DI Trust Fund basis. However, the spread in trust fund ratios around the intermediate projections are similar for the high-cost and low-cost alternatives compared to the 95-percent range in the stochastic projections, particularly in the early years of the projection period. Under the high-cost alternative, the DI Trust Fund reserves are projected to become depleted in 2032.

**Question:** The two Public Trustee positions have been vacant since 2015. What contributions do Public Trustees make to the development of the annual Trustees Reports?

**Answer:** The Public Trustees are co-equal members of the Boards along with the four ex- officio members; they participate in all aspects of the development of the reports. Public Trustees have historically been most heavily involved in the summary document for the two reports.

**Question:** The annual summary of the Social Security and Medicare Trustees Reports has historically featured an extensive discussion of how these programs interact with the larger federal budget. The summary of the 2016 reports, for example, stated:

*Social Security and Medicare together accounted for 41 percent of Federal program expenditures in fiscal year 2015. The unified budget reflects current trust fund operations. Consequently, even when there are positive trust fund balances, any drawdown of those balances, as well as general fund transfers into Medicare's Supplementary Medical Insurance (SMI) fund and interest payments to the trust funds that are used to pay benefits, increase pressure on the unified budget.*

The summaries of the 2021 and 2022 reports, however, have included no discussion of the unified budget whatsoever. While the Medicare Trustees Report continues to include an explanation of the interrelationship between trust fund operations and the overall federal budget, the Social Security Trustees Report does not even direct readers to where they can find such information. Why was any mention of the budgetary implications of Social Security and Medicare removed from the public summary of the report? How can the public have confidence in the reports when Social Security's potential impact on the budget is not discussed in a transparent fashion?

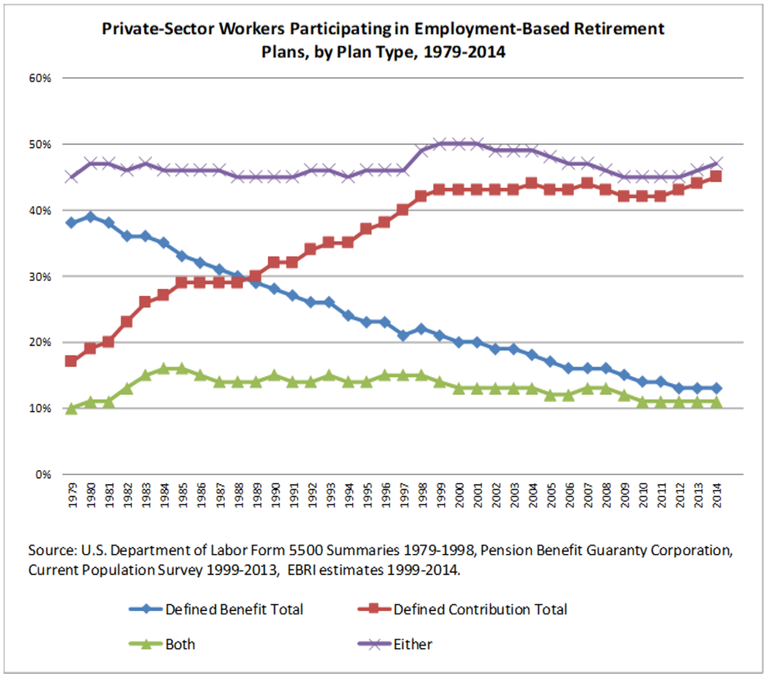
**Answer:** Because the OASI, DI, and Medicare HI Trust Funds have no ability to borrow, they have no effect on the total federal debt subject to limit, and serve only to reduce the amount of debt that would be held by the public in their absence. Moreover, these programs are financed with dedicated taxes that can pay current expenses or are saved in reserves invested in federal securities. When these trust funds draw down reserves, this only means that the reduction in publicly held debt due to the trust fund holdings is gradually diminished. The Medicare SMI Trust Fund is different in that it is largely financed from revenue provided from the General Fund of the Treasury. Finally, note that the statutory requirement for the Trustees Reports is to report on the actuarial status, solvency, and financial operations of the trust funds.

**Response to Written Questions of Senator Patty Murray for Mr. Stephen C. Goss**

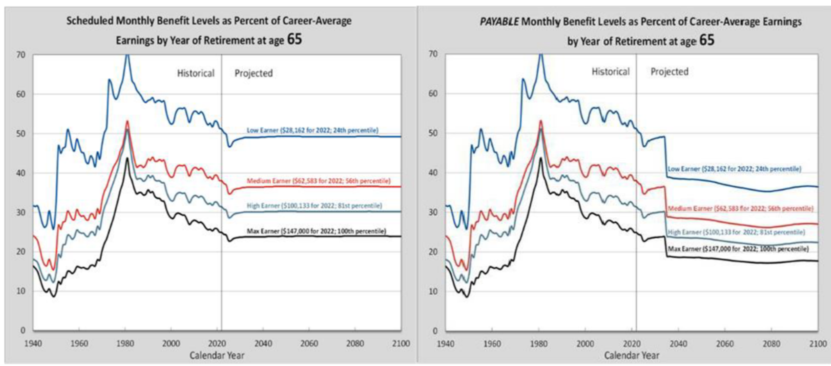
**General:** Social Security is one part of the so-called "three-legged stool" of retirement security. Private savings and employer-sponsored retirements plans – like 401(k)s and 403(b)s – also play an important role in how people think about and plan for their retirement. As Chair of the Health, Education, Labor and Pensions (HELP) Committee, I am working to advance solutions to strengthen the employer-sponsored leg of the retirement stool. The HELP Committee is set to vote on the Retirement Improvement and Savings Enhancement to Supplement Healthy Investments for the Nest Egg (RISE & SHINE) Act, which creates additional protections for workers and retirement savers at all stages of their retirement timelines.

**How can Congress work to ensure that federal policies being debated in other Senate Committees support solutions to the Social Security program that were discussed at today's hearing?**

**Answer:** Financial advisers have long recommended that individuals should plan to have lifetime income in retirement of around 75 to 80 percent of the average income they earned late in their career, in order to maintain their standard of living after retirement. It has always been anticipated that a combination of Social Security benefits, personal savings, and pensions provided by employers would be needed to meet this target "replacement rate" for retirement income. Since 1979, the percentage of workers with employer-based defined benefit pension plans that typically offer life annuities has dropped very substantially, as seen in the graph below.



Because Social Security benefit levels scheduled in current law provide significantly less than 75 percent of career average earnings for the vast majority of workers, as shown in the graphs below from my testimony, it is important to assure that workers understand the additional amount of lifetime income they will need after retirement. Workers who have only a defined contribution plan and/or personal savings must understand the level of monthly income that these savings vehicles will be able to provide to augment Social Security benefits, and not just the lump sum value.




In addition, it will be important to clarify for workers whether the currently-scheduled benefits from Social Security will be maintained through future legislation (as shown in the left graph above), or whether benefits will be reduced after trust fund reserve depletion (as shown in the right graph).
Only with this knowledge can workers reasonably plan for their retirement income in the future.

**Question:** Spending patterns differ between older Americans and the rest of the general population. Seniors spend more of their income on health care and prescription drugs than younger Americans, and this should be reflected in the formula for calculating Social Security's cost-of-living adjustment (COLA).

**How would adopting the Consumer Price Index for the Elderly (CPI-E) more accurately measure the spending patterns of seniors?**

**Answer:** The CPI-E provides price increases for the mix of goods and services typically purchased by urban consumers at ages 62 and above, who are largely retired individuals. The mix of purchases for this group is more heavily weighted toward medical costs and housing costs than the mix of purchases reflected in the CPI-W (urban wage and clerical workers) currently used for the Social Security COLA. Historically, the CPI-E has risen faster than the CPI-W, indicating that price increases for retirees are generally faster than is indicated by the CPI-W. We estimate that in the future the CPI-E will rise by an average of about 0.2 percentage point per year faster than the CPI-W. With the Trustees' assumed average increase of 2.4 percent per year in the CPI-W, this means that beneficiaries at age 82 (after 20 years of COLAs based on the CPI-W) will have their initial eligible benefit at age 62 increased to a level that is 3.8 percent below the estimated increased cost of items purchased by individuals age 62 and over as measured by the CPI-E.

**Response to Written Questions of Senator Sheldon Whitehouse for Mr. Stephen C. Goss**

**Question:** Supplemental Security Income (SSI) is a federal assistance program that provides vital income assistance to nearly 8 million seniors and persons with disabilities with very low-incomes and limited resources. The asset limits have not increased since the 1980s. I am concerned that the current asset limits—$2,000 for individuals or $3,000 for a married couple—punish individuals for working, getting married, and saving for emergencies—much less the significant amounts needed for retirement security.

I am a proud cosponsor of Senator Brown's Supplemental Security Income Restoration Act, which (among other provisions) would lift the SSI asset limit to $10,000 for individuals and $20,000 for couples, and indexes these limits to inflation moving forward.

Senators Brown and Portman recently introduced the bipartisan SSI Savings Penalty Elimination Act (S.4102), to similarly lift the SSI asset limit to $10,000 and $20,000, respectively, and index it to inflation.

**What is the median lifetime SSI benefit for individuals that receive SSI under current law?**

**Answer:** We estimate that the median number of years of SSI payment receipt for recipients as adults (at age 18 or over) is about 8 years. This is a very preliminary estimate, and we would need to do more analysis to refine this. The SSI Federal benefit rate (FBR) for 2022 is $841 per month for individuals. Due to reductions for receipt of Social Security benefits by those who qualify and for other income, and the marriage reduction, all recipients (individuals and members of couples) on average receive approximately 72 percent of the full FBR. Thus, on a very approximate basis, we estimate that the median lifetime SSI payment amount is approximately $60,000 in 2022 CPI- indexed dollars.

**Question:** What would the median lifetime SSI benefit be for existing SSI recipients if S.4102 were to become law?

**Answer:** Only about one percent of SSI recipients have payments suspended each year due to having their assets exceed the current-law limits. We would need to do additional analysis to determine the effect of raising the resource limits on the median lifetime payments. Because most recipients do not have periods of suspension due to the asset limits, it is very possible that median lifetime payments for recipients eligible under current law would be little affected, even though average lifetime payments would be increased somewhat. For individuals expected to become newly eligible for SSI payments due to a change in the resource limits, we assume their median lifetime SSI payment amount would be less than for current-law recipients, because these additional recipients would be significantly older on average and more likely to have other sources of income such as Social Security benefits.

**Question:** Would enacting S.4102 result in increased savings for existing SSI recipients?

**Answer:** We assume that assets for many SSI recipients would increase over time, because most recipients who would be suspended due to current limits would continue to receive SSI payments longer, allowing them to spend down their assets less. In addition, individuals who would be newly eligible for SSI payments solely due to the change in resource limits would have more assets, on average, than current SSI recipients.

**Question:** If so, by how much would median savings increase for existing SSI recipients if S.4102 became law?

**Answer:** Because such a small percentage of current recipients have periods of suspended payments due to the current resource limits, the median level of assets would likely not change significantly, although the average would change slightly. Developing an estimate of the increase in average assets (accumulated savings) would require more analysis.

**Statement for the Record**
**by the**
**American Federation of State, County and Municipal Employees (AFSCME)**
**on**
**Saving Social Security: Expanding Benefits and Demanding the Wealthy Pay Their Fair Share or Cutting Benefits and Increasing Retirement Anxiety**
**Committee on Budget**
**United States Senate**
**June 9, 2022**

The American Federation of State, County and Municipal Employees (AFSCME) submits the following statement for the record for the June 9, 2022, hearing on "Saving Social Security: Expanding Benefits and Demanding the Wealthy Pay Their Fair Share or Cutting Benefits and Increasing Retirement Anxiety" before the Senate Budget Committee.

Social Security benefits are vitally important to seniors – both those currently retired and those who will retire in the future. It is also a lifeline of support for children, disabled workers and aged widows and widowers. About 6.1 million children under age 18 (or 8 percent of all children in our country) live in families that receive income from Social Security. One-quarter of 20-year-old workers will become disabled and unable to work before they reach retirement age. Social Security's disability benefits offer them and their families the financial stability they need when a disabling long-term illness or injury strikes. Whether the monthly Social Security check is for retirement, disability benefits or a dependent survivor benefit, Social Security is about dignity for those who have spent their lives working or are no longer able to work. In April 2022, over 65 million people collected Social Security benefits through this successful and effective program.

**Social Security benefits are essential but modest, often inadequate and frequently unjust to some state and local government workers.** In April 2022, the average benefit for the three core groups of Social Security beneficiaries – retired workers, disabled workers and aged widows and widowers – was only $ 1,588.89 a month, or just over $19,000 a year. This is well below the minimum income necessary to enable a secure but basic retirement for a single retiree in good health and with no mortgage payments. Moreover, it has been a half a century since Congress enhanced Social Security benefits. It is time for Congress to expand benefits, not cut the retirement security of Americans.

**AFSCME endorses the Social Security Expansion Act because it would augment and strengthen Social Security benefits, keeping more retirees and other beneficiaries out of poverty.** It would:

- **Expand Social Security benefits across-the-board for current and new beneficiaries.** Under this bill, Social Security benefits for someone turning 62 next year would be $200 a month higher.

- **Boost minimum benefits for long-serving low-wage workers.** The new special minimum benefit would ensure that after 30 years of work a retiree would receive a monthly benefit that is at least 125 percent of the poverty level.

- **Provide better protection from inflation.** The current Cost-of-Living Adjustment (COLA) formula does not accurately reflect the health care costs retirees face and does not protect the purchasing power of monthly benefit checks. The legislation would set the COLA to be the consumer price index for the elderly (CPI-E), which more closely tracks the living expenses of seniors.

- **Extend Social Security dependent benefits for students of disabled or deceased workers.** Restoring student benefits to age 22 will help economic opportunities for full-time students in college or vocational school.

**The Social Security Expansion Act makes many necessary improvements including strengthening the trust fund.** We support that the legislation improves the financial security of Social Security by extending the trust fund reserves another 75 years by requiring the wealthiest American households to pay their fair share in Social Security payroll contributions.

**AFSCME also urges Congress to fully repeal the Government Pension Offset (GPO) and the Windfall Elimination Provision (WEP).**

As you move forward to improve Social Security benefits, we urge you to end the injustice caused by the Government Pension Offset (GPO) and the Windfall Elimination Provision (WEP). After working hard their entire lives, contributing part of their wages to the state public employee retirement system and playing by the rules, public employees should look forward to retiring with dignity. But the GPO and the WEP unfairly reduce their earned Social Security benefits. Fully repealing both GPO and WEP will help the 2 million current Social Security beneficiaries affected by the WEP and the 723,970 current Social Security beneficiaries who had spousal or widow(er)'s benefits reduced by the GPO, as of December 2021.

**In December 2020, nearly 3 out of 4 beneficiaries hit by GPO lost all their Social Security benefit because of GPO.** The GPO offset requires a cut in the Social Security spousal and widow(er)'s benefit received by public employees who earn a pension from noncovered employment. The cut is equal to two-thirds of one's public pension and typically reduces a Social Security survivor's benefit to zero dollars. The GPO cut to benefits is demoralizing and devastating to the retirement security of these public retirees and it also disproportionately impacts low-wage workers, particularly women. About 83 percent of public pensioners penalized by GPO are women. GPO cuts the Social Security spousal and widow(er)'s benefit of 1 percent of all Social Security beneficiaries.

**WEP cuts the earned Social Security benefit of about 1.9 million retired federal, state and local government employees.** WEP also affects individuals receiving public pensions from work not covered by Social Security. When the public pensioner has also worked in a Social Security-covered job for at least a decade, the WEP creates a public pension offset that can greatly reduce that person's earned Social Security benefit. Under the WEP, part of a retiree's public pension (from noncovered employment) is considered equivalent to a Social Security benefit. Because Social Security does not allow retirees to collect two full benefits, under WEP these retirees' earned Social Security benefits are calculated with modified formula. The WEP formula can cut a worker's standard monthly Social Security benefit by more than half. The maximum reduction in 2022 is $512 a month.

WEP arbitrarily casts all public pensioners who also have covered earnings as high-wage earners. This creates inequity by treating low-income workers more harshly. For individuals with lower covered earnings, WEP cuts their benefits by a larger percentage. **Some 214,300 beneficiaries harmed by WEP in December 2020 had a noncovered public pension of less than $1,000 a month and an earned Social Security benefit of less than $900, according to the Congressional Research Service.** These WEP-impacted individuals were living at just above 185 percent of the poverty level or less.

WEP also creates an indiscriminate penalty that is especially unfair because these workers pay the same percentage in payroll contributions on their Social Security-covered earnings as all others. Their Social Security benefits are earned, as are their public pensions.

**The time to fully repeal GPO and WEP is now.** It is urgent that Congress act now to repeal both GPO and WEP because with data exchanges, the Social Security Administration (SSA) will soon have 35 years of W-2 earnings data for all covered workers on file. With this data, SSA will be able to more accurately identify individuals who are receiving pensions from noncovered employment, but whose benefits are not yet being reduced. As SSA begins to use this data, it is likely that more individuals will experience the harsh effects of seeing their Social Security benefits shrink because of these unfair laws.

**Summary**

Social Security has been a successful program helping workers to earn a benefit to allow them to retire with dignity, provide for their spouse and dependent children when they die and to have insurance in case a disabling long-term illness or injury strikes before they retire. But these benefits are modest and often insufficient. The COLA does not accurately reflect the health care costs retirees face and over time a scant COLA erodes the purchasing power of monthly benefit checks. **The Social Security Expansion Act, which AFSCME supports, strengthens Social Security benefits by addressing these weaknesses.**

As this legislation moves forward, we urge you to address the GPO and WEP cuts which are arbitrary and unfairly hurt public pensioners, denying them Social Security benefits their spouse or they themselves earned through their Social Security payroll deductions. **AFSCME urges you to fully repeal GPO and WEP.** These changes are important, long-awaited and will provide indispensable financial security to millions of Social Security beneficiaries who are struggling to make ends meet.

National Committee to Preserve Social Security & Medicare®
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**STATEMENT OF**
**MAX RICHTMAN**
**PRESIDENT AND CEO**
**NATIONAL COMMITTEE TO PRESERVE SOCIAL SECURITY AND MEDICARE**
**BEFORE THE COMMITTEE ON BUDGET**
**UNITED STATES SENATE**
**HEARING ON**
**"SAVING SOCIAL SECURITY: EXPANDING BENEFITS AND DEMANDING THE WEALTHY PAY THEIR FAIR SHARE OR CUTTING BENEFITS AND INCREASING RETIREMENT ANXIETY"**
**JUNE 9, 2022**

Chairman Sanders and Ranking Member Graham:

My name is Max Richtman, and I am the President and CEO of the National Committee to Preserve Social Security and Medicare. The National Committee is a grassroots advocacy and educational organization dedicated to preserving and strengthening the earned income benefits of Social Security and Medicare, in addition to safety net programs, which are so vitally important to the well-being of our nation's seniors.

On behalf of our millions of members and supporters, I am honored to submit this testimony for the Senate Budget Committee's hearing: "Saving Social Security: Expanding Benefits and Demanding the Wealthy Pay Their Fair Share or Cutting Benefits and Increasing Retirement Anxiety". I especially want to thank you, Mr. Chairman, and Representative Peter DeFazio in the House, for re-introducing the Social Security Expansion Act. This legislation ensures the programs' long-term solvency while providing much-needed updates to Social Security's benefits.

**Now is the Time to Strengthen and Improve Social Security**

Before addressing the specifics of any legislation, I would like to take this opportunity to emphasize why we believe it is critical to address Social Security's issues <u>now</u>. Social Security has long been an extremely popular program across the political spectrum. It has provided security and financial stability for hard-working Americans irrespective of where they live, where they work or how much income they earn. Social Security has the power to bring our country together, and to give Congress a bipartisan issue to rally around for the good of the American people.

Every day in the United States, 10,000 people turn age 65. The Census Bureau estimates the poverty rate in 2020 was 9 percent for Americans age 65 and older. This means despite the critical support provided by Social Security, 5 million of our elderly citizens were living in poverty last year. The poverty rate for elderly women was 10.1 percent, and for African Americans it was over 17 percent, leaving almost 1 million elderly African Americans living in poverty in 2020. This is unconscionable

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in a country as wealthy as the United States. We simply cannot and must not sit by and allow millions of our fellow citizens, who worked hard their entire lives, to spend their golden years living in poverty.

The National Committee believes that it is vitally important that Social Security's financial foundation be strengthened and that the benefits offered by the program be improved to meet the needs of all Americans more effectively. We also believe that it is essential that proposals to strengthen the adequacy of benefits address the needs of women, and especially women of color.

**Importance of Social Security**

For over 85 years the Social Security program has been protecting Americans against the loss of income due to retirement, death or disability. Over 179 million workers and their families are covered by their contributions to Social Security, and over 65 million Americans currently receive Social Security benefits.

The Social Security program provides important financial security to America's workers by assuring them they will receive a foundation of retirement income which will allow them to live their retirement years in dignity. But Social Security was never intended to only be a retirement program. Instead, it is a contributory social insurance program, designed to protect workers and their families from loss of income due to death, disability or retirement. In fact, while most individuals who receive Social Security are retirees and their family members, over 14 percent of all Social Security beneficiaries are disabled workers and their families.

Disability insurance can be critical for workers and their families: One in four of today's 20-year-olds will become disabled before reaching age 67. Yet the vast majority of workers have no long-term disability insurance. Individuals with a prior history of medical problems or who work in industries with a high rate of injury frequently find it prohibitively expensive or impossible to obtain coverage. Many workers don't realize their Social Security payroll taxes are also buying them this critical protection. For a young disabled worker with a spouse and two children, the disability insurance value of the benefit they get through Social Security is over $580,000. And, unlike private disability policies and annuities, Social Security benefits are increased annually to keep up with the cost of living.

Social Security also provides life insurance to protect families from the loss of the earnings of their primary breadwinner. Nine percent of beneficiaries qualify as the survivors of deceased workers. About one in nine of today's 20-year-olds will die before reaching the full retirement age of 67. Many workers do not have life insurance to protect their families, and many may not realize that their payroll taxes entitle their families to survivor's benefits, providing life insurance protection worth over $725,000.

No other wage-replacement program – public or private – offers the protection Americans receive from the Social Security program.

Social Security is an enormously successful program which is essential to the retirement security of the vast majority of Americans. While Social Security benefits are modest—averaging just under $20,000 per year in 2022—Social Security is still the single largest source of income for retired Americans. Two-thirds of Social Security beneficiaries receive over half of their income from Social Security. For nearly 1 in 5 retirees, Social Security is their only source of income. Without Social Security, nearly half of the elderly would live in poverty.

As President Franklin Delano Roosevelt so famously stated, Social Security was created to "provide some measure of protection to the average citizen and to his family" against the hazards and vicissitudes of life. It is not merely a retirement program, it is a contributory social insurance program. And it is most assuredly not welfare. It is an earned benefit that American workers contribute to with each and every paycheck. It provides a financial bulwark against an uncertain financial world – a world in which Americans are acutely aware of their vulnerability.

To provide a more personal perspective, we at the National Committee have profiles identifying Social Security's impact for all fifty States. These State Snapshots can be found on our website at https://www.ncpssm.org/117th-congress/social-securitys-economic-impact-states/?utm_campaign=SS-Snapshots-Graphic&utm_source=ncpssm.org&utm_medium=SS-Snapshots-Graphic. We believe you have a responsibility to these beneficiaries, along with the millions of workers and their families who will someday also receive benefits from this critical program, to work together to strengthen and improve Social Security for their peace of mind.

**Social Security and Women**

While Social Security is a program that is vitally important to all Americans, it is especially critical to the financial security of women. There are several reasons why this is so. First, women live longer than men. On average, women today who reach age 65 outlive men by about 2.5 years. These additional years of longevity increase the risk that women may outlive their savings or that their pensions will lose their purchasing power.

Women, and especially women of color, are less likely than men to have employer pensions. And when women do have pensions, they tend to be smaller on average than those earned by men. The picture is even more challenging for individuals from communities of color, where less than half of employed African Americans and less than one-third of employed Latinos are covered by employer-sponsored retirement plans.

Compounding these problems, women have a history of lower earnings during their working years, take more time out of the workforce to care for family members and live in more difficult economic circumstances. As a result, they enter retirement with little or no protection from private pensions, inadequate retirement savings, and smaller Social Security benefits than those received by men.

The effects of these disparities are magnified for women of color. They are disproportionally lower earners and are more likely to have worked in part-time positions. A substantial number of women of color reach retirement with little or no retirement savings. The absence of alternative financial support has the effect of leaving women of color primarily dependent upon what is usually a very modest Social Security retirement income. Further, families of color are more dependent than other families on survivor and disability benefits under Social Security.

**The Social Security Expansion Act ensures program solvency**

While there are other bills we support that improve benefits and extend solvency, my testimony today will focus on the Social Security Expansion Act. When enacted, this legislation will place the system on a sound financial footing while making important program improvements that will enable it to meet more fully the needs of America's most vulnerable populations.

Of all age cohorts, young people tend to be the most concerned about Social Security not being there for them when they retire. The bill will provide some peace of mind to these younger workers who have been repeatedly told the program's days are numbered. Sadly, there are some who take advantage of their anxiety by suggesting the only way to guarantee the program's future is by privatizing it or cutting benefits.

Enactment of the Social Security Expansion Act would provide positive proof that Congress takes Social Security seriously, and that you can work together to strengthen and improve this program that is so important to their lives and future economic wellbeing without privatization or benefit cuts. Although the official Actuary's report on your bill was not available to us prior to submitting this testimony we understand it will ensure the Trust Funds' solvency for the entire 75-year valuation period. <u>This achievement cannot be understated</u>. This measurement benchmark has not been projected to be achieved since the late 1980's. It is a significant accomplishment, and proof positive that Social Security's finances can be assured for generations of workers without cutting benefits and without privatizing the program.

The Social Security Expansion Act achieves this goal by ensuring that higher-income workers are paying their fair share into Social Security. First, the bill extends the payroll tax to all wages paid to workers that are in excess of $250,000. Over time, the bill would eliminate the existing cap on wages subject to FICA since it is adjusted annually, so that all wages would be covered for Social Security tax and benefit purposes. Most Americans are shocked to discover there is a payroll tax cap at all, and public support for raising or eliminating it is strong. While the National Committee supports this provision, we believe it could be improved by providing that the additional Social Security taxable wages stemming from it be taken into account in determining workers' benefits.

The second revenue measure would subject an individual's unearned income above $250,000 to a tax of 12.4 percent. This is the same Social Security tax rate that applies to most earned income (when worker and employer contributions are combined) and would provide an important new stream of revenue that would help strengthen Americans' confidence that Social Security will be there for them in years to come. This provision also better reflects the evolution of income for our nation's workforce, as higher-income workers receive increasingly smaller portions of their income from wages. As with the previous provision, we believe providing additional Social Security benefits for the enhanced contributions would better preserve the earned nature of the Social Security program.

**Benefit Improvements**

Social Security has been a bedrock program protecting the financial security of American workers in the case of retirement, disability or death. However, the last major Social Security reform was almost four decades ago and the value of some of its benefits has eroded over the years. It is well past time for the program to be updated to meet the needs of today's workers and beneficiaries

The provisions most important to the membership of the National Committee include:

- An across-the-board increase for all beneficiaries, current and future, of about 1 percent of the average benefit, a change that is projected to yield a monthly increase for the typical retiree of about $200. Our country is facing a retirement crisis, and this provision is critical to strengthening the one leg of the retirement system that is universal and not subject to the unpredictability of Wall Street.
- Adoption of the Consumer Price Index for the Elderly (CPI-E) to replace the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) to calculate cost-of-living adjustments (COLAs), a change which is projected by the Social Security actuaries to increase the COLA by an average of 0.2 percentage point per year. This change is necessary to more accurately reflect the goods and services purchased by seniors and the disabled.
- An increase in the special minimum benefit so that it equals up to 125 percent of the poverty level for an individual, with additional provisions that keep the special minimum benefit up to date by indexing it to future growth in wages. This provision is essential to reducing the poverty rate among those aged 65 and older.

While our members support all benefit improvements in this bill, a fairer COLA is at the top of their list. COLAs are all about protecting Social Security benefits from being eroded by inflation. But, sadly, the current CPI-W has fallen far short of providing needed inflation protection because it fails to adequately measure the spending patterns of seniors, who typically spend more on out-of-pocket health care costs than other Americans.

When I attend policy forums held with seniors throughout the country, the question most often asked is: "Why does Congress give me an inadequate Social Security COLA? I need it to get by on!" Seniors simply don't understand why "Washington" believes seniors did not experience inflation in 2010, 2011 and 2016 when there was no COLA. This problem is even apparent this year despite the generous COLA of 5.9 percent for 2022. The substantial $21.60 (or 14.55 percent) increase in premiums for Medicare's Part B for 2022 significantly reduced that Social Security increase for many beneficiaries, leaving them still facing skyrocketing prices for food, housing, prescription drugs and other necessities with few additional resources. The continuing high inflation numbers only make matters worse, and seniors are frustrated that nothing has been done to fix this problem.

**Other Proposals Affecting Social Security**

In addition to your bill, the National Committee has strongly supported comprehensive legislation introduced by Senators Richard Blumenthal and Chris Van Hollen in the Senate and Representative John Larson in the House (S. 3071/H.R. 5723), the Social Security 2100: A Sacred Trust Act. This legislation would also correct the formula for calculating COLAs by utilizing the CPI-E, increase benefits across the board, increase the special minimum benefit, increase benefits for the oldest of the old, provide benefit improvements for widows/widowers, and eliminate the Government Pension Offset and Windfall Elimination Provision, all while improving solvency by slashing the long-range actuarial deficit by one-half. We believe your bill and the Social Security 2100 Act provide a solid benchmark for strengthening Social Security and improving benefits for today's beneficiaries and for future generations of workers.

Unfortunately, the only proposals put forward by those on the other side of the aisle would inevitably result in benefit reductions for millions of Americans. Senator Rick Scott's so-called "11 Point Plan to Rescue America" proposes sunsetting all federal legislation, including Social Security and Medicare, every five years. As you well know, Mr. Chairman, enacting even relatively noncontroversial legislation in a closely divided Congress is extremely challenging, and would subject both beneficiaries and workers and their families to the extreme stress of wondering whether these critical programs would be there for them every five years. The value of earned benefits would evaporate, as opponents of Social Security and Medicare could hold these programs hostage in exchange for program cuts that would otherwise not be achievable because of their lack of support among the American people.

The only other major piece of legislation introduced recently by Republican Members to address Social Security is S. 1295/H.R. 2575, the so-called TRUST Act of 2021, introduced by Senator Mitt Romney. S. 1295 simply represents another mechanism by which those whose goal is to cut Social Security and Medicare benefits hope to achieve their end while shielding their supporters from the political consequences of casting such massively unpopular votes.

It is difficult to fully understand why some academics and elected officials seem determined to cut this essential program. Some have argued that Social Security should be converted into the equivalent of a welfare program – providing some benefit improvements to lower income beneficiaries in exchange for sharply reducing or eliminating benefits for others. The underlying reason for this point of view appears to be the notion that older Americans are in fact much better off financially than the numbers reflected in the official estimates, and therefore do not need Social Security. If all you do is look at cumulative numbers or averages it is true that overall elderly Americans appear to be in better shape financially than they were almost nine decades ago when Social Security was created to help pull us out of the depths of the Great Depression.

But merely citing statistics showing older people as a group have more money does not begin to take into account the financial inequality American workers experience that follows them into retirement – inequality which you, Mr. Chairman, are well aware of have repeatedly argued against. According to the Federal Reserve, wealth inequality has worsened over the last two decades. One-half of Americas' working families have no retirement savings at all. Even among families who have saved, the median account balances were $65,000 in 2019 – which means one-half are below that amount and the other half above.

Looking purely at the numbers also ignores the financial vulnerability seniors experience every day. They are faced with finite resources – what they have at retirement must last them for the rest of their lives. Few seniors are able to work, especially those who worked at grueling blue-collar jobs their entire lives. Even if they are healthy enough and willing to work, few employers are willing to hire the elderly when younger workers are available. That leaves even those who are reasonably financially stable today well aware that this could be a very temporary condition. One fall could land them in a nursing home, and the average annual cost of $100,000 would rapidly wipe-out any savings they may have accumulated.

The other item that raw numbers fail to recognize is the role private retirement savings plays for the average family. While 401(k) and IRA balances have grown overall, they did not represent a net increase in retirement security for many families because they supplanted the traditional pensions that so many blue-collar workers previously relied on. This shift did not provide additional retirement security for these workers – it was one more example of the increasing risk transferred from employers to their workers, who now had to not only save for retirement on their own, but also were faced with the risk of poor investments or a drop in the stock market. The loss of the third leg of the so-called "retirement stool" (Social Security, pensions and private savings) means Social Security, the only secure leg remaining, must be strengthened.

There are those who still advocate for privatizing Social Security by transferring payroll taxes to private accounts – a notion President George W. Bush promoted during his second term in office. Large majorities of the American public resoundingly opposed his efforts, and the more he promoted his plan, the steeper was the drop in public support. Americans understand full well that ownership also means you alone bear the risk of a market downturn, which was painfully evident to anyone who was forced to retire right after the crashes in 1987, 2000 and 2008 and which we may be witnessing again today. Many may be willing to take on some level of risk to see higher rewards, but not as a substitute for a robust Social Security benefit.

It is very disingenuous to suggest, as some have done, that the best solution to improve Social Security's finances is to cut or eliminate benefits for wealthy seniors. There simply aren't enough super-rich retirees to make a dent in Social Security's long-range finances. To do that, you need to significantly cut benefits for workers making $40,000-50,000 a year – or in other words, the heart of middle-class America. These are the workers who have been left most vulnerable by decades of stagnant wages and rising income inequality. These are the workers least likely to have been able to create a meaningful retirement nest egg during their working lives. To suggest cutting their Social Security to help protect their poorer neighbors would just add insult to injury.

**Conclusion**

In closing, Mr. Chairman, I wish to congratulate you and your Committee for holding this hearing on "Saving Social Security: Expanding Benefits and Demanding the Wealthy Pay Their Fair Share or Cutting Benefits and Increasing Retirement Anxiety". For years, our members have told us that they want and need their Social Security benefits boosted – not just for themselves, but for their children and grandchildren too. They want fairer cost-of-living adjustments that reflect retirees' true living expenses. They want benefit improvements for those who need help the most, including those with low lifetime earnings. They want the wealthy to start paying their fair share in Social Security payroll contributions. The Social Security Expansion Act achieves all of that — and more.

Not only do our members support this bill, the American public has affirmed the principles that it embodies in poll after poll, across party lines and age groups. Meanwhile, the public has roundly rejected proposals for "reforming" Social Security, including privatization, raising the retirement age and imposing stingier COLA formulas.

The Social Security Expansion Act represents the consensus of an overwhelming majority of Americans by closing Social Security's funding gap and improving Social Security benefits. Mr.

Chairman, the National Committee supports the provisions included in your bill and proudly endorses it. We look forward to working with you and members of the Senate to enact this commonsense legislation.

SOCIAL SECURITY
Office of the Chief Actuary

June 9, 2022

The Honorable Bernie Sanders
United States Senate
Washington, D.C. 20510

The Honorable Peter DeFazio
United States House of Representatives
Washington, D.C. 20515

Dear Senator Sanders and Representative DeFazio:

I am writing in response to your request for our estimates of the financial effects on Social Security of enacting the *Social Security Expansion Act*, which you introduced today in both the Senate and the House of Representatives. The estimates provided here reflect the intermediate assumptions of the 2022 Trustees Report.

These Bills (hereafter referred to as the proposal) include nine provisions with direct effects on the Social Security trust funds. We have enjoyed working with Billy Gendell, Warren Gunnels, Richard Phillips, Sion Bell, Tyler Evilsizer, and Hazel Tylinski of your staffs in developing this proposal to meet your goals. The estimates and analysis provided here reflect the combined effort of many in the Office of the Chief Actuary, but most particularly Karen Glenn, Chris Chaplain, Daniel Nickerson, Kyle Burkhalter, Anna Kirjusina, Katie Sutton, and Tiffany Bosley.

The enclosed tables provide estimates of the effects of the nine provisions on the cost, income, and combined trust fund reserves for the Old Age, Survivors, and Disability Insurance (OASDI) program, as well as estimated effects on retired worker benefit levels for selected hypothetical workers and effects of payroll tax levels. In addition, tables 1b and 1b.n provide estimates of the federal budget implications of these nine provisions with direct effects on the OASDI program.

We estimate that enactment of these provisions would extend the ability of the OASDI program to pay scheduled benefits in full and on time throughout the 75-year projection period. The date of projected depletion of the combined OASI and DI Trust Fund reserves is 2035 under the intermediate assumptions of the 2022 Trustees Report.

The proposal includes nine provisions with direct effects on the OASDI program. The following list briefly describes these provisions:

*Section 2. Increase the first primary insurance amount (PIA) bend point above the current-law level, and increase the first PIA factor from 90 to 95, for all OASDI benefits payable based on eligibility for January 2023 and thereafter.* Increase the first PIA bend point by 22 percent for benefits payable for eligibility in 2023 and later, regardless of when any beneficiary became initially eligible. Increase the first PIA factor by 5 percentage points, for a PIA factor of 95 percent for benefit eligibility in 2023 and later.

*Section 3. Use the increase in the Consumer Price Index for the Elderly (CPI-E) rather than the increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) to calculate the cost-of-living adjustment (COLA), effective for December 2024 and later COLAs.* We assume this change would increase the COLA by an average of 0.2 percentage point per year.

*Section 4. Increase the special minimum PIA for workers who become newly eligible for retirement or disability benefits or die in 2023 or later.* For workers becoming newly eligible or dying in 2023, the minimum initial PIA for workers with 30 or more years of coverage (YOCs) is 125 percent of the annual poverty guideline for a single individual, as published by the Department of Health and Human Services for 2022, divided by 12. For workers becoming newly eligible or dying after 2023, the minimum initial PIA increases by the growth in the national average wage index (AWI).

*Section 5. Continue benefits for children of disabled, or deceased workers until they attain age 22 if the child is in high school, college, or vocational school, beginning in 2023.*

*Sections 6 and 7. Apply the combined OASDI payroll tax rate on earnings above $250,000, effective for 2023 and later.* Tax all earnings once the current-law taxable maximum exceeds $250,000. Do not credit the additional taxed earnings for benefit purposes.

*Section 8a. Apply a separate 12.4-percent tax on investment income as defined in the Affordable Care Act (ACA), payable to the OASI and DI Trust Funds with unindexed thresholds as in the ACA, effective for 2023 and later.* The ACA thresholds are $200,000 for a single filer and $250,000 for a married couple filing jointly. Under this provision, there is no limit on the amount taxed.

*Section 8b. Apply a 16.2-percent net investment income (NII) tax on active S-corporation holders and active limited partners, effective for 2023 and later. Of the total 16.2 percent tax, 12.4 percentage points would be payable to the OASI and DI Trust Funds, and 3.8 percentage points would be payable to the General Fund of the Treasury.*

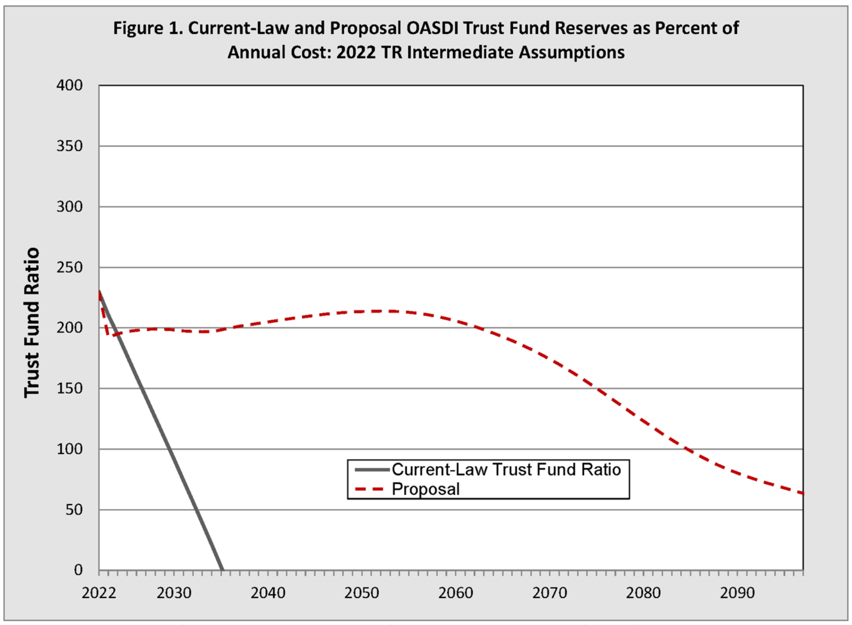
*Section 9. Combine the current separate Old-Age and Survivors Insurance (OASI) and Disability Insurance (DI) Trust Funds into a single Social Security Trust Fund, effective January 1, 2023.*

The balance of this letter provides a summary of the effects of the nine provisions on the actuarial status of the OASDI program, our understanding of the specifications and intent of each of the nine provisions, and descriptions of our detailed financial estimates for trust fund operations, benefit levels, and implications for the federal budget. See the "Specification for

Provisions of the Proposal" section of this letter for a more detailed description of these nine provisions.

**Summary of Effects of the Proposal on OASDI Actuarial Status**

Figure 1 illustrates the projected OASDI Trust Fund ratio through 2096 under current law and assuming enactment of the proposal. The trust fund ratio is defined as the combined OASI and DI Trust Fund reserves expressed as a percentage of annual program cost. Assuming enactment of the proposal, the combined OASI and DI Trust Funds are expected to be able to pay scheduled benefits in full and on time throughout the 75-year projection period, under the intermediate assumptions of the 2022 Trustees Report.

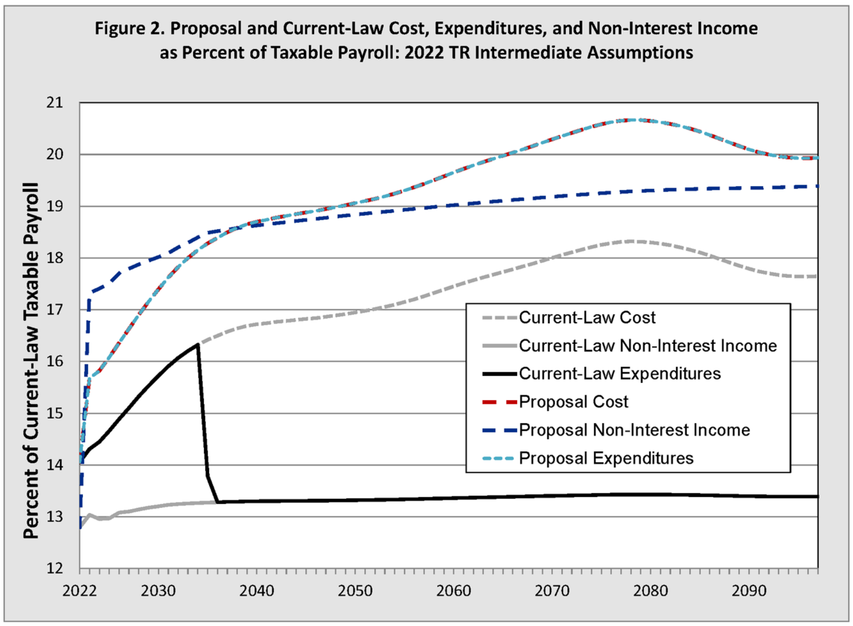



Note: *Trust Fund Ratio* for a given year is the ratio of reserves in the combined Social Security Trust Fund at the beginning of the year to the cost of the program for the year.

Under current law, 80 percent of scheduled benefits are projected to be payable on a timely basis in 2035 after depletion of the combined trust fund reserves, with the percentage payable declining to 74 percent for 2096. Under the proposal, 100 percent of scheduled benefits are projected to be payable on a timely basis throughout the 75-year projection period.

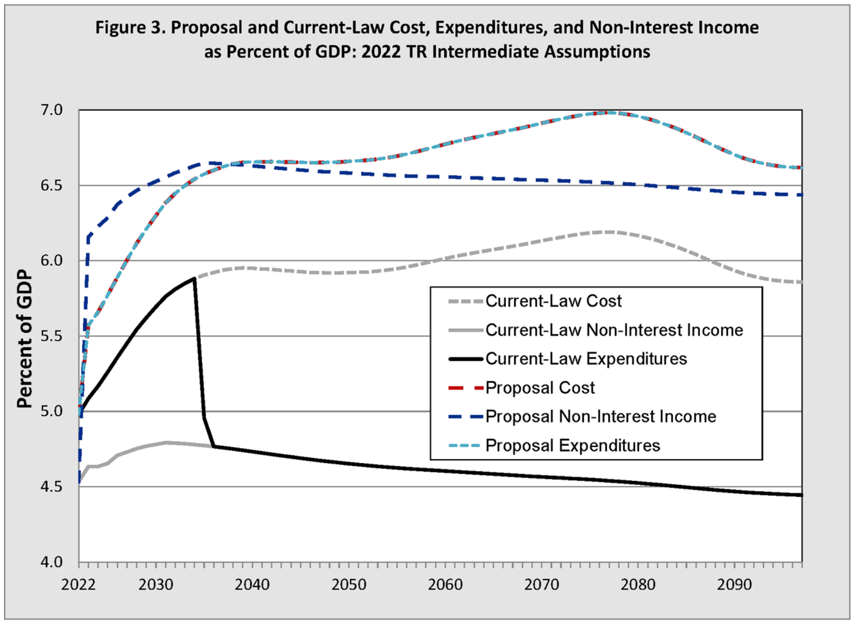
Enactment of the nine provisions of this proposal would decrease the long-range OASDI actuarial deficit from 3.42 percent of taxable payroll under current law to 0.08 percent of payroll under the proposal.

Figure 2 illustrates annual projected levels of cost, expenditures, and non-interest income as a percentage of the current-law taxable payroll. The projected level of cost reflects the full cost of scheduled benefits under both current law and the proposal. After trust fund reserve depletion, projected expenditures under current law and under the proposal include only amounts payable from projected tax revenues (non-interest income), which are less than projected cost.




OASDI program annual cost under the proposal is higher than under current law, starting in 2023. This difference in program cost increases quickly at first, then increases gradually over time to about 2.3 percent of current-law payroll for 2096. Beginning in 2023, non-interest income under the proposal is projected to be higher than under current law. This difference between proposal and current-law income increases from 4.3 percent of current-law payroll for 2023 to 6.0 percent of current-law payroll for 2096. For 2023 and later, the proposal improves the annual balance (non-interest income minus program cost).

It is also useful to consider the projected cost, expenditures, and income for the OASDI program expressed as a percentage of Gross Domestic Product (GDP). Figure 3 illustrates these levels under both current law and the proposal.




**<u>Specification for Provisions of the Proposal</u>**

*Section 2. Increase the first primary insurance amount (PIA) bend point above the current-law level, and increase the first PIA factor from 90 to 95, for all OASDI benefits payable based on eligibility for January 2023 and thereafter.*

Under current law, any portion of the AIME that is below the first PIA bend point is multiplied by a factor of 0.90 in computing the PIA. The first bend point is changed (indexed) each year for those becoming newly eligible in the year by the increase or decrease in the AWI from the third year to the second year prior to their initial year of eligibility. This provision would increase the level of the first PIA bend point from the level that would apply under current law by 22 percent for all OASDI benefits payable based on eligibility for January 2023 and thereafter. This provision would also increase the first PIA factor by 5 percentage points, for a PIA factor of 95 for 2023 and later.

We estimate that enactment of this provision alone would increase the long-range OASDI actuarial deficit by 1.47 percent of taxable payroll and would increase the annual deficit for the 75th projection year (2096) by 1.53 percent of payroll.

*Section 3. Use the CPI-E increase rather than the CPI-W increase to calculate the COLA, effective for December 2024 and later COLAs.*

Under current law, the annual cost-of-living adjustment (COLA) applied to Social Security benefits is calculated using the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). We estimate that using the Consumer Price Index for the Elderly (CPI-E) increase rather than the CPI-W increase in each year beginning with the December 2024 COLA would increase the effective COLA by 0.2 percentage point per year on average.

We estimate that enactment of this provision alone would increase the long-range OASDI actuarial deficit by 0.42 percent of taxable payroll and would increase the annual deficit for the 75th projection year (2096) by 0.55 percent of payroll.

*Section 4. Increase the special minimum PIA for workers who become newly eligible for retirement or disability benefits or die in 2023 and later.*

Under this provision, the minimum initial PIA for worker beneficiaries becoming newly eligible in 2023 with 30 or more years of coverage (YOCs) would be 125 percent of the annual poverty guideline for a single individual, as published by the Department of Health and Human Services for 2022, divided by 12. For those with less than 30 YOCs, the minimum PIA per YOC in excess of 10 is the minimum PIA for workers with 30 or more YOCs, divided by 20. Any year in which a worker earns 4 quarters of coverage is determined to be a YOC. For beneficiaries becoming newly eligible after 2023, the initial PIA per YOC in excess of 10 is indexed by growth in the national average wage index (AWI) to determine the minimum applicable for the year of initial eligibility. After the year of initial eligibility, the minimum PIA per YOC is increased by the COLA.

We estimate that enactment of this provision alone would increase the long-range OASDI actuarial deficit by 0.13 percent of taxable payroll and would increase the annual deficit for the 75th projection year (2096) by 0.18 percent of payroll.

*Section 5. Continue benefits for children of disabled or deceased workers until age 22 if the child is in high school, college, or vocational school, beginning in 2023.*

We estimate that enactment of this provision alone would increase the long-range OASDI actuarial deficit by 0.05 percent of taxable payroll and would increase the annual deficit for the 75th projection year (2096) by 0.05 percent of payroll.

*Sections 6 and 7. Apply the combined OASDI payroll tax rate on earnings above $250,000, effective for 2023 and later.*

This provision applies the OASDI payroll tax rate to earnings above $250,000 in 2023 and later. The $250,000 level is a fixed amount after 2023 and not indexed to the average wage increase. All earnings would be taxed once the current-law taxable maximum exceeds $250,000, which is projected to occur in 2035. Any earnings above the higher of $250,000 or the current-law taxable maximum in a given year would not be credited for benefit computation purposes.

In response to the application of the OASDI payroll tax to covered earnings above $250,000 for 2023 and later, we assume employers and employees will redistribute total employee compensation among taxes, wages, and other compensation. This behavioral response is projected to reduce somewhat both the payroll tax revenue and the scheduled benefits that would accrue in the absence of this behavioral response.

We estimate that enactment of this provision alone would reduce the long-range OASDI actuarial deficit by 2.50 percent of taxable payroll and would reduce the annual deficit for the 75th projection year (2096) by 2.61 percent of payroll.

> *Section 8a. Apply a separate 12.4-percent tax on investment income, as defined in the Affordable Care Act (ACA), payable to the OASI and DI Trust Funds with unindexed thresholds as in the ACA, effective for 2023 and later.*

The ACA thresholds for Modified Adjusted Gross Income, or MAGI (AGI with adjustments for specific circumstances), are $200,000 for a single filer and $250,000 for a married couple filing jointly. This provision applies a 12.4 percent Social Security tax to the lesser of MAGI above these thresholds and total investment income, in the same way as the 3.8 percent tax on investment income that went into effect in 2013 under the ACA. Under this provision, there is no limit on the amount taxed.

We estimate that enactment of this provision alone would reduce the long-range OASDI actuarial deficit by 1.95 percent of taxable payroll and would reduce the annual deficit for the 75th projection year (2096) by 2.31 percent of payroll.

> *Section 8b. Apply a 16.2-percent net investment income (NII) tax on active S-corporation holders and active limited partners, effective for 2023 and later. Of the total 16.2 percent tax, 12.4 percentage points would be payable to the OASI and DI Trust Funds, and 3.8 percentage points would be payable to the General Fund of the Treasury.*

We estimate that enactment of this provision alone would reduce the long-range OASDI actuarial deficit by 0.93 percent of taxable payroll and would reduce the annual deficit for the 75th projection year (2096) by 1.01 percent of payroll.

> *Section 9. Combine the current separate Old-Age and Survivors Insurance (OASI) and Disability Insurance (DI) Trust Funds into a single Social Security Trust Fund, effective January 1, 2023.*

The primary financial effect of enactment of this provision would be to eliminate the possibility of OASI or DI Trust Fund reserve depletion affecting some Social Security beneficiaries when sufficient reserves would be available in the combined OASI and DI Trust Funds to maintain payment of all Social Security benefits in full on a timely basis. For example, under current law and the intermediate assumptions of the 2022 Trustees Report, the reserves of DI Trust Fund are not projected to become depleted within the long-range projection period. However, reserves in the OASI Trust Fund are projected to become depleted in 2034 under current law. Enactment of this provision alone would consolidate the reserves of the OASI and DI Trust Funds, as well as future income and obligations for the separate programs, as of January 1, 2023. As a result, the consolidated Social Security Trust Fund would be projected to be adequately financed with all OASI and DI benefits payable in full on a timely basis until consolidated reserves become depleted in 2035.

We estimate that the change in the long-range OASDI annual balance and the change in the annual deficit for the 75th projection year (2096) from enactment of this provision alone would be negligible: that is, between -0.005 and 0.005 percent of taxable payroll.

**Detailed Financial Results for the Provisions of the Proposal**

**Summary Results by Provision**

**Table A** provides estimates of the effects on the OASDI long-range actuarial balance of the provisions of the proposal separately and on a combined basis. The table also includes estimates of the effect of the provisions on the annual balance (the difference between the income rate and the cost rate, expressed as a percentage of current-law taxable payroll) for the 75$^{th}$ projection year, 2096. Interaction among individual provisions is reflected only in the total estimates for the combined provisions.

**Benefit Illustrations**

**Tables B1 and B2** provide illustrative examples of the projected change in benefit levels under the provisions of the proposal for beneficiaries retiring and starting benefit receipt at age 65 in future years at six selected earnings levels, with selected numbers of years of work. The "Maximum-AIME Steady Earner" is assumed to have earnings at ages 22 through 64 that equal the current-law taxable maximum level (equivalent to $147,000 for 2022) and the "Twice Maximum-AIME Steady Earner" is assumed to have earnings at ages 22 through 64 that equal twice the current-law taxable maximum level (equivalent to $294,000 for 2022). As a result, the provision to tax and credit earnings above the current-law taxable maximum affects only the "Twice Maximum-AIME Steady Earner" benefit level. **Table B3** provides additional important information on characteristics of retired workers represented by these illustrations for the year 2016.

The first several columns of Table B1 compare the initial scheduled benefit levels, assuming retirement at age 65 under the provisions of the proposal, to scheduled current-law benefit levels. Among the examples in the table, the proposed minimum benefit affects only the very-low-AIME hypothetical worker with 30 years of earnings. The scheduled benefit amounts under the proposal shown in the "payroll tax and benefit formula" column are higher than under current law by about 5 to 15 percent for workers newly entitled at age 65 in 2040, 2060, and 2090. The final two columns of this table show the level of scheduled benefits under the proposal as a percentage of current-law scheduled benefits and the level of payable benefits under the proposal as a percentage of current-law payable benefits.

Table B2 provides two comparisons: (1) the percentage change in scheduled benefit levels at ages 65, 75, 85, and 95 under the proposal compared to scheduled benefits under current law; and (2) the percentage change in payable benefit levels at the same four ages under the proposal compared to payable benefits under current law. Each comparison assumes retirement and start of benefit receipt at age 65. Table B2 shows that projected scheduled benefits under the provisions of this proposal increase in relation to current-law scheduled benefits between ages 65 and 95, because of the change in computing the COLA.

The hypothetical workers represented in these tables reflect average career-earnings patterns of workers who started receiving retirement benefits under the Social Security program in recent years. The tables subdivide workers with very-low, low, and medium career-average earnings levels by their numbers of years of non-zero earnings.

Table B3 provides information helpful in interpreting the benefit illustrations in tables B1 and B2. Percentages in Table B3 are based on tabulations from a 10-percent sample of newly-entitled retired workers in 2016. Table B3 displays the percentages of these newly-entitled retired workers in 2016 that are closest to each of the illustrative examples and are:

1) "Dually Entitled", meaning they received a higher spouse or widow(er) benefit based on the career earnings of their husband or wife,
2) "WEP" (Windfall Elimination Provision), meaning that they received a reduced benefit due to having a pension based on earnings that were not covered under the OASDI program (primarily certain government workers), and they had less than 30 years of substantial earnings that were taxable under the OASDI program,
3) "Foreign Born", meaning that they entered the Social Security coverage area after birth (and generally after entering working ages), and
4) "All Others", meaning they had none of the three characteristics listed above.

The extent to which retired-worker beneficiaries represented by each of the illustrative examples has any of the characteristics listed above (dually entitled, WEP, foreign born) is important because such individuals are less dependent on the OASDI benefit that relates to their own career-average earnings level. It should be noted that the distributions shown in Table B3 for retirees in 2016 will be changing somewhat for beneficiaries becoming entitled as retired-worker beneficiaries in the future.

**Payroll Tax Effects**

**Table T** compares the scheduled payroll tax levels under the provisions of the proposal to scheduled current-law payroll tax levels. Under the proposal, workers with covered earnings in excess of the higher of $250,000 and the current-law taxable maximum would, along with their employers, pay additional payroll taxes. Because the payroll tax would additionally apply to annual earnings in excess of $250,000 starting in 2023, payroll tax liability would increase in 2023 and later. Table T shows that the worker with earnings at twice the current-law taxable maximum in years 2040, 2060, and 2090 would have payroll tax liability increased by 100 percent.

**Detailed Tables Containing Annual and Summary Projections**

Enclosed with this letter are **tables 1, 1a, 1b, 1b.n, 1c, and 1d,** which provide annual and summary projections for the proposal.

Trust Fund Operations

**Table 1** provides projections of the financial operations of the OASDI program under the proposal and shows that the combined OASI and DI Trust Funds would be able to pay scheduled benefits in full and on time throughout the 75-year period through 2096 assuming enactment of the nine provisions. Under current law, 80 percent of scheduled benefits are projected to be payable at trust fund reserve depletion in 2035, declining to 74 percent payable by 2096. Under this proposal, 100 percent of the proposed (higher) scheduled benefits would be fully payable through 2096.

The table shows the annual cost and income rates, annual balances, and trust fund ratios (reserves as a percentage of annual program cost) for OASDI, as well as the change from current law in these cost rates, income rates, and annual balances. Included at the bottom of this table are summarized rates for the 75-year (long-range) period.

For 2023 and later, the proposal improves the annual balance (non-interest income minus program cost). The improvement in the annual balance increases from 2.9 percent of current-law payroll for 2023 to 3.7 percent for 2096. Under the proposal, the annual balance is negative in 2022, positive from 2023 through 2037, and then negative through the end of the long-range period. The annual deficit increases to 1.4 percent of payroll for 2078, and then decreases to 0.5 percent of payroll for 2096. Under current law, the projected annual deficit for 2096 is 4.3 percent of payroll.

The actuarial deficit for the OASDI program over the 75-year projection period is reduced by 3.34 percent of taxable payroll, from an actuarial deficit of 3.42 percent of payroll under current law to an actuarial deficit of 0.08 percent of taxable payroll under the proposal.

Program Transfers and Trust Fund Reserves

Column 4 of **Table 1a** provides a projection of the level of reserves for the combined OASI and DI Trust Funds, assuming enactment of the nine Social Security provisions of the proposal. These trust fund reserve amounts are expressed in present value dollars discounted to January 1, 2022. The table indicates that the provisions include no new specified transfers of general revenue to the combined OASI and DI Trust Funds. For purpose of comparison, the OASDI Trust Fund reserves, expressed in present value dollars, are also shown for the current-law Social Security program both without and with the added proposal general fund transfers (zero in this case) in columns 6 and 7.

Note that negative values in columns 6 and 7 represent the “unfunded obligation” for the program through the year. The unfunded obligation is the present value of the shortfall of revenue needed to pay full scheduled benefits on a timely basis from the date of trust fund reserve depletion through the end of the indicated year. Gross Domestic Product (GDP), expressed in present value dollars, is shown in column 5 for comparison with other values in the table.

Effect of the Social Security Provisions on the Federal Budget

**Table 1b** shows the projected effect, in present value discounted dollars, on the federal budget (unified-budget and on-budget) annual cash flows and balances, assuming enactment of the nine Social Security provisions of the proposal. Our analysis provided in these tables reflects only the direct effects of these provisions on the OASI and DI Trust Funds and does not reflect the effects of these provisions on the General Fund of the Treasury under the on-budget operations of the federal government. Table **1b.n** provides the estimated nominal dollar effect of enactment of the proposal on annual budget balances for years 2022 through 2032. All values in these tables represent the amount of *change* from the level projected under current law. In addition, changes reflect the *budget scoring convention* that presumes benefits, not payable under the law after depletion of trust fund reserves, would still be paid using revenue provided from the General Fund of the Treasury. The reader should be cautioned that this presumption of payment of benefits beyond the resources of the trust funds is prohibited under current law and is also inconsistent with all past experience under the Social Security program.

Column 1 of Table 1b shows the added proposal general fund transfers (zero for this proposal). Column 2 shows the net changes in OASDI cash flow from all provisions of the proposal.

We project the net effect of the proposal on unified budget cash flow (column 3) to be positive in years 2023 and later, reflecting the newly applied taxes on net investment income in section 8a and section 8b and the payroll tax newly applied to earnings above $250,000 in sections 6 and 7.

Column 4 of Table 1b indicates that the effect of implementing the proposal would be a reduction of the theoretical federal debt held by the public, reaching about $21.3 trillion in present value at the end of the 75-year projection period. Column 5 provides the projected effect of the proposal on the annual unified budget balances, including both the cash flow effect in column 3 and the additional interest on the accumulated debt in column 4. Columns 6 and 7 indicate that the provisions of this proposal would have no expected direct effects on the on-budget cash flow, or on the total federal debt, in the future, because estimates provided here include only direct effects of the provisions on the OASI and DI Trust Funds.

It is important to note that we base these estimates on the intermediate assumptions of the 2022 Trustees Report, so these estimates are not consistent with estimates made by the Office of Management and Budget or the Congressional Budget Office based on their assumptions. In particular, all present values are discounted using trust fund yield assumptions under the intermediate assumptions of the 2022 Trustees Report.

Annual Trust Fund Operations as a Percentage of GDP

**Table 1c** provides annual cost, annual expenditures (amount that would be payable), and annual tax income for the OASDI program expressed as a percentage of GDP for both current law and assuming enactment of the nine Social Security provisions of the proposal. Showing the annual trust fund cash flows as a percentage of GDP provides an additional perspective on these trust fund operations in relation to the total value of goods and services produced in the United States. The relationship between income and cost is similar when expressed as a percentage of GDP to that when expressed as a percentage of taxable payroll (Table 1).

Effects on Trust Fund Reserves and Unfunded Obligations

**Table 1d** provides estimates of the changes in trust fund reserves and unfunded obligations on an annual basis, expressed in present value dollars discounted to January 1, 2022. **Table 1d.n** provides the same estimates, expressed in nominal dollars, for years 2022 through 2032.

For the 75-year (long-range) period as a whole, the current-law unfunded obligation of $20.4 trillion would be replaced by reserves of $0.8 trillion in present value at the end of 2096, assuming enactment of the proposal. This change of $21.3 trillion results from:

- A $34.2 trillion increase in revenue (column 2), from taxing all earnings above the higher of the current-law taxable maximum or $250,000, and applying a separate 12.4 percent tax on net investment income as in the ACA and a new net investment income tax on active officials in S-corporations and limited partnerships, *minus*
- A $12.9 trillion increase in cost (column 3), primarily from the special minimum PIA provision, calculating the COLA using the CPI-E rather than the CPI-W, extending student benefits up to attainment of age 22, and increasing current and future benefits by increasing the first PIA bend point by 22 percent and the first PIA factor from 90 to 95.

We hope these estimates are helpful. Please let me know if we may provide further assistance.

Sincerely,

Stephen C. Goss

Stephen C. Goss, ASA, MAAA
Chief Actuary

Enclosures

**Table A—Estimated Long-Range OASDI Financial Effects of the "Social Security Expansion Act" (117th Congress), Introduced by Sen. Sanders and Rep. DeFazio**

| Provision | Estimated Change in Long-Range OASDI Actuarial Balance [1] (as a percent of payroll) | Estimated Change in Annual Balance for 75th year [2] (as a percent of payroll) |
|---|---|---|
| Section 2) Increase the current-law first bend point by 22 percent and increase the 90 percent PIA factor to 95 percent for all beneficiaries eligible for benefits as of January 2023 and for those newly eligible for benefits after 2022. This provision will result in an approximate $200 increase in PIA for most workers newly eligible for retirement or disability benefits in 2023 ........ | -1.47 | -1.53 |
| Section 3) Use the increase in the Consumer Price Index for the Elderly (CPI-E) rather than the increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) to calculate the cost-of-living adjustment (COLA), effective for December 2024 and later COLAs. We estimate this new computation would increase the annual COLA by about 0.2 percentage point, on average ........ | -0.42 | -0.55 |
| Section 4) Beginning in 2023, reconfigure the special minimum PIA for workers becoming newly eligible or dying after 2022: (a) A year of coverage (YOC) is defined as a year in which 4 quarters of coverage are earned. (b) For those becoming newly eligible or dying in 2023 with 30 or more YOCs, set the minimum PIA equal to 125 percent of the 2022 Department of Health and Human Services (HHS) monthly poverty level. For those with under 30 YOCs, the PIA per YOC in excess of 10 YOCs is 125 percent of this poverty level calculation, divided by 20. (c) For workers becoming newly eligible or dying after 2023, index the initial PIA per YOC by growth in the national average wage index (AWI). The 30 and 10 YOC levels apply for all workers, including those who die or become disabled under age 62 ........ | -0.13 | -0.18 |
| Section 5) Beginning in 2023, continue benefits for children of disabled or deceased workers until they attain age 22 if the child is in high school, college or vocational school ........ | -0.05 | -0.05 |
| Sections 6 and 7) Apply the combined OASDI payroll tax rate on earnings above $250,000 starting in 2023. Tax all earnings once the current-law taxable maximum exceeds $250,000. Do not provide benefit credit for additional earnings taxed ........ | 2.50 | 2.61 |

**Table A—Estimated Long-Range OASDI Financial Effects of the "Social Security Expansion Act" (117th Congress), Introduced by Sen. Sanders and Rep. DeFazio**

| Provision | Estimated Change in Long-Range OASDI Actuarial Balance [1] (as a percent of payroll) | Estimated Change in Annual Balance for 75th year [2] (as a percent of payroll) |
|---|---|---|
| Section 8a) Apply a separate 12.4 percent tax on investment income as defined in the Affordable Care Act (ACA), with unindexed thresholds as in the ACA ($200,000 single filer, $250,000 for married filing joint), starting in 2023. Proceeds go to the OASDI Trust Funds | 1.95 | 2.31 |
| Section 8b) For active S-corporation officers and limited partners, apply a 16.2 percent tax on investment income as defined in the ACA, with unindexed thresholds as in the ACA ($200,000 single filer, $250,000 for married filing joint), starting in 2023. Proceeds go to the OASDI Trust Funds for tax attributable to 12.4 percent of the total 16.2 percent tax rate | 0.93 | 1.01 |
| Section 9) Beginning in 2023, establish a new Social Security Trust Fund by combining the reserves of the separate OASI and DI Trust Funds and managing all future operations of the program on a combined basis | [3] | [3] |
| **Total for all provisions, including interaction** | **3.34** | **3.71** |

[1]Under current law, the estimated long-range OASDI actuarial balance is -3.42 percent of taxable payroll.
[2]Under current law, the estimated 75th year annual balance is -4.25 percent of taxable payroll.
[3]Negligible; that is, between -0.005 and 0.005 percent of taxable payroll.

Notes: All estimates are based on the intermediate assumptions of the 2022 OASDI Trustees Report.
Estimates of individual provisions appear on a stand-alone basis relative to current law, unless otherwise stated.

Social Security Administration
Office of the Chief Actuary
June 9, 2022

**Table B1. Changes in Benefits for Hypothetical Workers Becoming Newly Entitled at age 65**
**Social Security Expansion Act**

| Year Attain Age 65 | Current Law Scheduled Monthly Benefits[4] (Wage-Indexed 2022 Dollars) | Current Law Scheduled Monthly Benefits[4] (CPI-Indexed 2022 Dollars) | Scheduled Benefit Level Percent Change at age 65: COLA[5] | Scheduled Benefit Level Percent Change at age 65: Payroll Tax and Benefit Formula[6] | Scheduled Benefit Level Percent Change at age 65: Minimum Benefit[7] | Scheduled Benefit Level Percent Change at age 65: Total | Benefit Ratios: Proposal Scheduled to Current Law Scheduled | Benefit Ratios: Proposal Payable to Current Law Payable |
|---|---|---|---|---|---|---|---|---|
| | | | (Percent change) | | | | (Percents) | |
| **Very-Low-AIME ($15,646 for 2022[1]) 30-Year Scaled Earner (11.1% of Retirees[2])** | | | | | | | | |
| 2022 | 858 | 858 | 0.0 | 0.0 | 0.0 | 0.0 | 100 | 100 |
| 2040 | 848 | 1,083 | 0.6 | 14.1 | 20.5 | 38.2 | 138 | 176 |
| 2060 | 850 | 1,352 | 0.6 | 14.6 | 19.9 | 38.2 | 138 | 184 |
| 2090 | 851 | 1,890 | 0.6 | 14.7 | 19.9 | 38.3 | 138 | 187 |
| **Very-Low-AIME ($15,646 for 2022[1]) 20-Year Scaled Earner (5.1% of Retirees[2])** | | | | | | | | |
| 2022 | 858 | 858 | 0.0 | 0.0 | 0.0 | 0.0 | 100 | 100 |
| 2040 | 848 | 1,083 | 0.6 | 14.1 | 0.0 | 14.8 | 115 | 146 |
| 2060 | 850 | 1,352 | 0.6 | 14.6 | 0.0 | 15.3 | 115 | 153 |
| 2090 | 851 | 1,890 | 0.6 | 14.7 | 0.0 | 15.3 | 115 | 156 |
| **Very-Low-AIME ($15,646 for 2022[1]) 14-Year Scaled Earner (3.5% of Retirees[2])** | | | | | | | | |
| 2022 | 858 | 858 | 0.0 | 0.0 | 0.0 | 0.0 | 100 | 100 |
| 2040 | 848 | 1,083 | 0.6 | 14.1 | 0.0 | 14.8 | 115 | 146 |
| 2060 | 850 | 1,352 | 0.6 | 14.6 | 0.0 | 15.3 | 115 | 153 |
| 2090 | 851 | 1,890 | 0.6 | 14.7 | 0.0 | 15.3 | 115 | 156 |
| **Low-AIME ($28,162 for 2022[1]) 44-Year Scaled Earner (19.0% of Retirees[2])** | | | | | | | | |
| 2022 | 1,123 | 1,123 | 0.0 | 0.0 | 0.0 | 0.0 | 100 | 100 |
| 2040 | 1,110 | 1,418 | 0.6 | 14.5 | 0.0 | 15.2 | 115 | 147 |
| 2060 | 1,113 | 1,770 | 0.6 | 14.7 | 0.0 | 15.4 | 115 | 154 |
| 2090 | 1,114 | 2,474 | 0.6 | 14.8 | 0.0 | 15.4 | 115 | 156 |
| **Low-AIME ($28,162 for 2022[1]) 30-Year Scaled Earner (3.8% of Retirees[2])** | | | | | | | | |
| 2022 | 1,123 | 1,123 | 0.0 | 0.0 | 0.0 | 0.0 | 100 | 100 |
| 2040 | 1,110 | 1,418 | 0.6 | 14.5 | 0.0 | 15.2 | 115 | 147 |
| 2060 | 1,113 | 1,770 | 0.6 | 14.7 | 0.0 | 15.4 | 115 | 154 |
| 2090 | 1,114 | 2,474 | 0.6 | 14.8 | 0.0 | 15.4 | 115 | 156 |
| **Low-AIME ($28,162 for 2022[1]) 20-Year Scaled Earner (1.4% of Retirees[2])** | | | | | | | | |
| 2022 | 1,123 | 1,123 | 0.0 | 0.0 | 0.0 | 0.0 | 100 | 100 |
| 2040 | 1,110 | 1,418 | 0.6 | 14.5 | 0.0 | 15.2 | 115 | 147 |
| 2060 | 1,113 | 1,770 | 0.6 | 14.7 | 0.0 | 15.4 | 115 | 154 |
| 2090 | 1,114 | 2,474 | 0.6 | 14.8 | 0.0 | 15.4 | 115 | 156 |
| **Medium-AIME ($62,583 for 2022[1]) 44-Year Scaled Earner (27.5% of Retirees[2])** | | | | | | | | |
| 2022 | 1,853 | 1,853 | 0.0 | 0.0 | 0.0 | 0.0 | 100 | 100 |
| 2040 | 1,831 | 2,339 | 0.6 | 8.6 | 0.0 | 9.2 | 109 | 139 |
| 2060 | 1,835 | 2,918 | 0.6 | 8.9 | 0.0 | 9.6 | 110 | 146 |
| 2090 | 1,837 | 4,080 | 0.6 | 9.0 | 0.0 | 9.6 | 110 | 149 |
| **Medium-AIME ($62,583 for 2022[1]) 30-Year Scaled Earner (1.8% of Retirees[2])** | | | | | | | | |
| 2022 | 1,853 | 1,853 | 0.0 | 0.0 | 0.0 | 0.0 | 100 | 100 |
| 2040 | 1,831 | 2,339 | 0.6 | 8.6 | 0.0 | 9.2 | 109 | 139 |
| 2060 | 1,835 | 2,918 | 0.6 | 8.9 | 0.0 | 9.6 | 110 | 146 |
| 2090 | 1,837 | 4,080 | 0.6 | 9.0 | 0.0 | 9.6 | 110 | 149 |
| **High-AIME ($100,133 for 2022[1]) 44-Year Scaled Earner (19.4% of Retirees[2])** | | | | | | | | |
| 2022 | 2,452 | 2,452 | 0.0 | 0.0 | 0.0 | 0.0 | 100 | 100 |
| 2040 | 2,423 | 3,095 | 0.6 | 6.3 | 0.0 | 6.9 | 107 | 136 |
| 2060 | 2,429 | 3,863 | 0.6 | 6.4 | 0.0 | 7.1 | 107 | 142 |
| 2090 | 2,431 | 5,400 | 0.6 | 6.5 | 0.0 | 7.1 | 107 | 145 |
| **Maximum-Current-Law-AIME ($147,000 for 2022[1]) 43-Year Steady Earner (7.2% of Retirees[2])** | | | | | | | | |
| 2022 | 2,993 | 2,993 | 0.0 | 0.0 | 0.0 | 0.0 | 100 | 100 |
| 2040 | 2,965 | 3,788 | 0.6 | 4.9 | 0.0 | 5.5 | 105 | 135 |
| 2060 | 2,967 | 4,717 | 0.6 | 4.9 | 0.0 | 5.5 | 105 | 140 |
| 2090 | 2,969 | 6,593 | 0.6 | 4.9 | 0.0 | 5.5 | 106 | 143 |
| **Twice Maximum-Current-Law-AIME ($294,000 for 2022[1]) 43-Year Steady Earner[3]** | | | | | | | | |
| 2022 | 2,993 | 2,993 | 0.0 | 0.0 | 0.0 | 0.0 | 100 | 100 |
| 2040 | 2,965 | 3,788 | 0.6 | 4.9 | 0.0 | 5.5 | 105 | 135 |
| 2060 | 2,967 | 4,717 | 0.6 | 4.9 | 0.0 | 5.5 | 105 | 140 |
| 2090 | 2,969 | 6,593 | 0.6 | 4.9 | 0.0 | 5.5 | 106 | 143 |

1 Average of highest 35 years of taxable earnings wage indexed to 2022. For the Maximum and Twice Maximum-Current-Law-AIME workers, we show one times and two times the 2022 taxable maximum, respectively.

2 Projected percent of newly entitled retired worker beneficiaries in 2050 with current-law AIME levels and years of covered earnings closest to AIME levels and close to years of covered earnings shown. See details in Note 1 on table B3.

3 Of the 7.2 percent of retirees with current-law AIME closest to the Maximum-Current-Law level, about 33 percent (or 2.4 percent of all retirees) would have an AIME closer to the Twice Maximum-Current-Law level if their earnings were not limited by annual taxable maximums.

4 After the trust fund reserves deplete under current law continuing taxes are expected to be enough to pay about three fourths of scheduled benefits.

5 Starting Dec 2024, compute the COLA using increases in the CPI-E, producing 0.2% higher annual COLAs on average.

6 Beginning in 2023, for all eligible beneficiaries, increase the current-law first PIA bend point by 22% and increase the 90% PIA Factor to 95%.

7 For beneficiaries becoming newly eligible in 2023, establish a minimum PIA level such that a worker with 30/10 years of coverage would receive a minimum PIA for 2023 of at least 125%/0% of the monthly poverty level for 2022. For beneficiaries newly eligible after 2023, the minimum PIA level for their initial year of eligibility would be adjusted for average wage growth. The minimum PIA is increased after the year of initial eligibility by the COLA. The Minimum Benefit Percent change is calculated after all other provisions, so that the Proposed Benefit Amount is at least the Minimum Benefit, where applicable.

This analysis reflects only the provisions of the proposal identified in this table and described in the footnotes above.

All estimates based on the intermediate assumptions of the 2022 Trustees Report.

Office of the Chief Actuary, Social Security Administration June 9, 2022

**Table B2. Changes in Benefits for Hypothetical Workers Becoming Newly Entitled age 65**
**Social Security Expansion Act**

| Year Attain Age 65 | Proposal Scheduled Benefit as Percent of Current Law Scheduled Benefit: Age 65 | Age 75 | Age 85 | Age 95 | Proposal Payable Benefit as Percent of Current Law Payable Benefit: Age 65 | Age 75 | Age 85 (Percent) | Age 95 |
|---|---|---|---|---|---|---|---|---|
| **Very-Low-AIME ($15,646 for 2022[1]) 30-Year Scaled Earner (11.1% of Retirees[2])** | | | | | | | | |
| 2022 | 100.0 | 116.5 | 118.8 | 121.1 | 100.0 | 116.5 | 152.0 | 157.2 |
| 2040 | 138.2 | 140.9 | 143.7 | 146.5 | 176.4 | 182.3 | 191.2 | 201.0 |
| 2060 | 138.2 | 141.0 | 143.7 | 146.6 | 183.9 | 193.3 | 200.3 | 198.6 |
| 2090 | 138.3 | 140.9 | 143.7 | 146.5 | 187.4 | 190.2 | [4] | [4] |
| **Very-Low-AIME ($15,646 for 2022[1]) 20-Year Scaled Earner (5.1% of Retirees[2])** | | | | | | | | |
| 2022 | 100.0 | 116.5 | 118.8 | 121.1 | 100.0 | 116.5 | 152.0 | 157.2 |
| 2040 | 114.8 | 117.0 | 119.3 | 121.7 | 146.5 | 151.3 | 158.7 | 166.9 |
| 2060 | 115.3 | 117.4 | 119.8 | 122.1 | 153.4 | 161.1 | 166.9 | 165.5 |
| 2090 | 115.3 | 117.5 | 119.9 | 122.2 | 156.3 | 158.7 | [4] | [4] |
| **Very-Low-AIME ($15,646 for 2022[1]) 14-Year Scaled Earner (3.5% of Retirees[2])** | | | | | | | | |
| 2022 | 100.0 | 116.5 | 118.8 | 121.1 | 100.0 | 116.5 | 152.0 | 157.2 |
| 2040 | 114.8 | 117.0 | 119.3 | 121.7 | 146.5 | 151.3 | 158.7 | 166.9 |
| 2060 | 115.3 | 117.4 | 119.8 | 122.1 | 153.4 | 161.1 | 166.9 | 165.5 |
| 2090 | 115.3 | 117.5 | 119.9 | 122.2 | 156.3 | 158.7 | [4] | [4] |
| **Low-AIME ($28,162 for 2022[1]) 44-Year Scaled Earner (19.0% of Retirees[2])** | | | | | | | | |
| 2022 | 100.0 | 117.1 | 119.4 | 121.8 | 100.0 | 117.1 | 152.9 | 158.1 |
| 2040 | 115.2 | 117.4 | 119.7 | 122.1 | 147.0 | 151.8 | 159.3 | 167.4 |
| 2060 | 115.4 | 117.6 | 120.0 | 122.3 | 153.6 | 161.4 | 167.2 | 165.8 |
| 2090 | 115.4 | 117.7 | 120.0 | 122.4 | 156.4 | 158.9 | [4] | [4] |
| **Low-AIME ($28,162 for 2022[1]) 30-Year Scaled Earner (3.8% of Retirees[2])** | | | | | | | | |
| 2022 | 100.0 | 117.1 | 119.4 | 121.8 | 100.0 | 117.1 | 152.9 | 158.1 |
| 2040 | 115.2 | 117.4 | 119.7 | 122.1 | 147.0 | 151.8 | 159.3 | 167.4 |
| 2060 | 115.4 | 117.6 | 120.0 | 122.3 | 153.6 | 161.4 | 167.2 | 165.8 |
| 2090 | 115.4 | 117.7 | 120.0 | 122.4 | 156.4 | 158.9 | [4] | [4] |
| **Low-AIME ($28,162 for 2022[1]) 20-Year Scaled Earner (1.4% of Retirees[2])** | | | | | | | | |
| 2022 | 100.0 | 117.1 | 119.4 | 121.8 | 100.0 | 117.1 | 152.9 | 158.1 |
| 2040 | 115.2 | 117.4 | 119.7 | 122.1 | 147.0 | 151.8 | 159.3 | 167.4 |
| 2060 | 115.4 | 117.6 | 120.0 | 122.3 | 153.6 | 161.4 | 167.2 | 165.8 |
| 2090 | 115.4 | 117.7 | 120.0 | 122.4 | 156.4 | 158.9 | [4] | [4] |
| **Medium-AIME ($62,583 for 2022[1]) 44-Year Scaled Earner (27.5% of Retirees[2])** | | | | | | | | |
| 2022 | 100.0 | 110.9 | 113.1 | 115.4 | 100.0 | 110.9 | 144.8 | 149.7 |
| 2040 | 109.2 | 111.4 | 113.6 | 115.8 | 139.4 | 144.0 | 151.1 | 158.9 |
| 2060 | 109.6 | 111.7 | 113.9 | 116.1 | 145.8 | 153.2 | 158.7 | 157.4 |
| 2090 | 109.6 | 111.7 | 113.9 | 116.2 | 148.5 | 150.9 | [4] | [4] |
| **Medium-AIME ($62,583 for 2022[1]) 30-Year Scaled Earner (1.8% of Retirees[2])** | | | | | | | | |
| 2022 | 100.0 | 110.9 | 113.1 | 115.4 | 100.0 | 110.9 | 144.8 | 149.7 |
| 2040 | 109.2 | 111.4 | 113.6 | 115.8 | 139.4 | 144.0 | 151.1 | 158.9 |
| 2060 | 109.6 | 111.7 | 113.9 | 116.1 | 145.8 | 153.2 | 158.7 | 157.4 |
| 2090 | 109.6 | 111.7 | 113.9 | 116.2 | 148.5 | 150.9 | [4] | [4] |
| **High-AIME ($100,133 for 2022[1]) 44-Year Scaled Earner (19.4% of Retirees[2])** | | | | | | | | |
| 2022 | 100.0 | 108.7 | 110.8 | 113.0 | 100.0 | 108.7 | 141.8 | 146.7 |
| 2040 | 106.9 | 109.0 | 111.1 | 113.3 | 136.4 | 140.9 | 147.8 | 155.4 |
| 2060 | 107.1 | 109.1 | 111.3 | 113.5 | 142.5 | 149.7 | 155.1 | 153.8 |
| 2090 | 107.1 | 109.2 | 111.3 | 113.5 | 145.1 | 147.4 | [4] | [4] |
| **Maximum-Current-Law-AIME ($147,000 for 2022[1]) 43-Year Steady Earner (7.2% of Retirees[2])** | | | | | | | | |
| 2022 | 100.0 | 107.4 | 109.5 | 111.7 | 100.0 | 107.4 | 140.2 | 145.0 |
| 2040 | 105.5 | 107.5 | 109.7 | 111.8 | 134.6 | 139.1 | 145.9 | 153.4 |
| 2060 | 105.5 | 107.6 | 109.7 | 111.9 | 140.4 | 147.6 | 152.9 | 151.6 |
| 2090 | 105.5 | 107.6 | 109.7 | 111.8 | 143.0 | 145.2 | [4] | [4] |
| **Twice Maximum-Current-Law-AIME ($294,000 for 2022[1]) 43-Year Steady Earner[3]** | | | | | | | | |
| 2022 | 100.0 | 107.4 | 109.5 | 111.7 | 100.0 | 107.4 | 140.2 | 145.0 |
| 2040 | 105.5 | 107.5 | 109.7 | 111.8 | 134.6 | 139.1 | 145.9 | 153.4 |
| 2060 | 105.5 | 107.6 | 109.7 | 111.9 | 140.4 | 147.6 | 152.9 | 151.6 |
| 2090 | 105.5 | 107.6 | 109.7 | 111.8 | 143.0 | 145.2 | [4] | [4] |

[1] Average of highest 35 years of taxable earnings wage indexed to 2022. For the Maximum and Twice Maximum-Current-Law-AIME workers, we show one times and two times the 2022 taxable maximum, respectively.

[2] Projected percent of newly entitled retired worker beneficiaries in 2050 with current-law AIME levels and years of covered earnings closest to AIME levels and close to years of covered earnings shown. See details in Note 1 on table B3.

[3] Of the 7.2 percent of retirees with current-law AIME closest to the Maximum-Current-Law level, about 33 percent (or 2.4 percent of all retirees) would have an AIME closer to the Twice Maximum-Current-Law level if their earnings were not limited by annual taxable maximums.

[4] The proposal payable benefit as percent of current law payable benefit is not presented for years of payment beyond the 75-year projection period.

Note:
- Starting Dec 2024, compute the COLA using increases in the CPI-E, producing 0.2% higher annual COLAs on average.
- Beginning in 2023, for all eligible beneficiaries, increase the current-law first PIA bend point by 22% and increase the 90% PIA Factor to 95%.
- For beneficiaries becoming newly eligible in 2023, establish a minimum PIA level such that a worker with 30/10 years of coverage would receive a minimum PIA for 2023 of at least 125%/0% of the monthly poverty level for 2022. For beneficiaries newly eligible after 2023, the minimum PIA level for their initial year of eligibility would be adjusted for average wage growth. The minimum PIA is increased after the year of initial eligibility by the COLA.
- This analysis reflects only the provisions of the proposal identified in Table B1 and described in the notes above.

All estimates based on the intermediate assumptions of the 2022 Trustees Report.

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**Table B3. Characteristics of Retired Worker Beneficiaries Becoming Newly Entitled in 2016**

| Category (AIME and Years of Covered Earnings Close to) | Percent of Beneficiaries Within Each Category That Are: Dually Entitled[2] | WEP[3] | Foreign Born | All Others[4] |
|---|---|---|---|---|
| **Very-Low-AIME ($11,592 for 2016[1]):** | | | | |
| 30-Year Scaled Earner (7.9% of Retirees) | 27 | 8 | 14 | 53 |
| 20-Year Scaled Earner (6.0% of Retirees) | 27 | 16 | 27 | 35 |
| 14-Year Scaled Earner (5.2% of Retirees) | 21 | 20 | 52 | 19 |
| **Low-AIME ($20,856 for 2016[1]):** | | | | |
| 44-Year Scaled Earner (13.0% of Retirees) | 8 | 2 | 7 | 83 |
| 30-Year Scaled Earner (6.8% of Retirees) | 13 | 8 | 25 | 56 |
| 20-Year Scaled Earner (2.4% of Retirees) | 9 | 21 | 47 | 29 |
| **Medium-AIME ($46,368 for 2016[1]):** | | | | |
| 44-Year Scaled Earner (25.8% of Retirees) | 1 | 1 | 6 | 92 |
| 30-Year Scaled Earner (3.3% of Retirees) | 1 | 12 | 37 | 53 |
| **High-AIME ($74,184 for 2016[1]):** | | | | |
| 44-Year Scaled Earner (20.3% of Retirees) | 0 | 1 | 8 | 91 |
| **Maximum-Current-Law-AIME ($118,500 for 2016[1]):** | | | | |
| Steady Earner (9.3% of Retirees) | 0 | 0 | 9 | 91 |

Note 1: Table B3 displays certain characteristics of newly-entitled retired worker beneficiaries in 2016 who are similar to the illustrative hypothetical workers shown in tables B1 and B2. The categories shown here include those workers with AIME closest to the earnings level shown, and with years of covered earnings close to the number shown. In particular:

- For the Very-Low-AIME category,
  - workers included in the "30-Year Scaled Earner" subcategory have 25+ years of covered earnings;
  - workers included in the "20-Year Scaled Earner" subcategory have 18-24 years of covered earnings;
  - workers included in the "14-Year Scaled Earner" subcategory have less than 18 years of covered earnings.
- For the Low-AIME category,
  - workers included in the "44-Year Scaled Earner" subcategory have 35+ years of covered earnings;
  - workers included in the "30-Year Scaled Earner" subcategory have 25-34 years of covered earnings;
  - workers included in the "20-Year Scaled Earner" subcategory have less than 25 years of covered earnings.
- For the Medium-AIME category,
  - workers included in the "44-Year Scaled Earner" subcategory have 35+ years of covered earnings;
  - workers included in the "30-Year Scaled Earner" subcategory have less than 35 years of covered earnings.
- Workers included in the High-AIME "44-Year Scaled Earner" category have all numbers of years of covered earnings.
- Workers included in the Maximum-Current-Law-AIME "Steady Earner" category have all numbers of years of covered earnings.

Note 2: The percentages in each category are based on tabulations of a 10-percent sample of newly entitled retired-worker beneficiaries in 2016 (288,627 records). We can be 95 percent confident that each of the values shown above is within 1.4 percentage points of the value we would find using 100 percent of the retirees in 2016.

Note 3: The sum of the percentages for each category (sum across rows) could be greater than 100 percent because some beneficiaries can be classified in more than one of the following groups: dually entitled, WEP, and foreign born.

[1] Average of highest 35 years of taxable earnings wage indexed to 2016.

[2] Values in this column are percentages of retired workers newly entitled in 2016 who were also entitled to a higher benefit based on someone else's account by the end of 2018. The percentage that will ever become dually entitled is higher for most categories, because some retired workers newly entitled in 2016 will first become dually entitled after 2018.

[3] Values in this column are percentages of retired workers newly entitled in 2016 who had their benefit reduced based on receipt of a pension from government employment under the windfall elimination provision (WEP) by the end of 2018. The percentage that will ever be reduced by WEP is higher for each category, because some retired workers newly entitled in 2016 will first receive a government pension after 2018.

[4] Not foreign born, not dually entitled by the end of 2018, and not reduced by WEP by the end of 2018.

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**Table T. Changes in Payroll Tax Contributions (Employee + Employer) for Workers with OASDI Covered Earnings in the Year**
**Social Security Expansion Act**

| Earnings in Year | Current Law Scheduled Monthly Total Payroll Taxes (Wage-Indexed 2022 Dollars) | Current Law Scheduled Monthly Total Payroll Taxes (CPI-Indexed 2022 Dollars) | Scheduled Payroll Taxes Percent Change: Taxable Maximum[2] (Percent change) | Proposal Scheduled Payroll Taxes Percent of Current Law (Percents) |
|---|---|---|---|---|
| | | | **26th Percentile Earner[1] in Year ($15,646 in 2022)** | |
| 2022 | 162 | 162 | 0.0 | 100 |
| 2040 | 162 | 206 | 0.0 | 100 |
| 2060 | 162 | 257 | 0.0 | 100 |
| 2090 | 162 | 359 | 0.0 | 100 |
| | | | **40th Percentile Earner[1] in Year ($28,162 in 2022)** | |
| 2022 | 291 | 291 | 0.0 | 100 |
| 2040 | 291 | 372 | 0.0 | 100 |
| 2060 | 291 | 463 | 0.0 | 100 |
| 2090 | 291 | 646 | 0.0 | 100 |
| | | | **70th Percentile Earner[1] in Year ($62,583 in 2022)** | |
| 2022 | 647 | 647 | 0.0 | 100 |
| 2040 | 647 | 826 | 0.0 | 100 |
| 2060 | 647 | 1,029 | 0.0 | 100 |
| 2090 | 647 | 1,436 | 0.0 | 100 |
| | | | **86th Percentile Earner[1] in Year ($100,133 in 2022)** | |
| 2022 | 1,035 | 1,035 | 0.0 | 100 |
| 2040 | 1,035 | 1,321 | 0.0 | 100 |
| 2060 | 1,035 | 1,646 | 0.0 | 100 |
| 2090 | 1,035 | 2,298 | 0.0 | 100 |
| | | | **93rd Percentile Earner[1] in Year ($147,000 in 2022) Current-Law Maximum Earnings Level** | |
| 2022 | 1,519 | 1,519 | 0.0 | 100 |
| 2040 | 1,519 | 1,940 | 0.0 | 100 |
| 2060 | 1,519 | 2,416 | 0.0 | 100 |
| 2090 | 1,519 | 3,374 | 0.0 | 100 |
| | | | **98th Percentile Earner[1] in Year ($294,000 in 2022) Twice Current-Law Maximum Earnings Level** | |
| 2022 | 1,519 | 1,519 | 0.0 | 100 |
| 2040 | 1,519 | 1,940 | 100.0 | 200 |
| 2060 | 1,519 | 2,416 | 100.0 | 200 |
| 2090 | 1,519 | 3,374 | 100.0 | 200 |

1 Percentile among all workers with any covered earnings in 2022 (including earnings both above and below the current-law taxable maximum earnings level). We include those who will die or become disabled before reaching retirement age, and those who will not earn enough in their career to become fully insured for retired worker benefits. Thus, these percentiles are not directly comparable to the percentages in the B tables, which are based on lifetime earnings, and include only those who survive and become eligible for retirement benefits.

2 Apply the OASDI payroll tax rate on earnings above $250,000 starting in 2023, and tax all earnings once the current-law taxable maximum exceeds $250,000.

This analysis reflects only the provisions of the proposal identified in this table and described in the footnotes above.

All estimates based on the intermediate assumptions of the 2022 Trustees Report.

Office of the Chief Actuary, Social Security Administration June 9, 2022

**Table 1 - OASDI Cost Rate, Income Rate, Annual Balance, and Trust Fund Ratio**

***"Social Security Expansion Act", Introduced by Senator Sanders and Representative DeFazio***

| | Proposal (Expressed as a percentage of current-law taxable payroll) | | | | Change from Current Law (Expressed as a percentage of current-law taxable payroll) | | |
|---|---|---|---|---|---|---|---|
| Year | Cost Rate | Income Rate | Annual Balance | Trust Fund Ratio 1-1-year | Cost Rate | Income Rate | Annual Balance |
| 2022 | 14.05 | 12.79 | -1.26 | 230 | 0.00 | 0.00 | 0.00 |
| 2023 | 15.68 | 17.32 | 1.65 | 192 | 1.37 | 4.29 | 2.92 |
| 2024 | 15.82 | 17.41 | 1.59 | 195 | 1.37 | 4.45 | 3.08 |
| 2025 | 16.08 | 17.51 | 1.43 | 197 | 1.42 | 4.54 | 3.12 |
| 2026 | 16.36 | 17.70 | 1.34 | 198 | 1.48 | 4.62 | 3.15 |
| 2027 | 16.63 | 17.79 | 1.16 | 199 | 1.53 | 4.69 | 3.16 |
| 2028 | 16.91 | 17.88 | 0.97 | 199 | 1.58 | 4.74 | 3.16 |
| 2029 | 17.15 | 17.95 | 0.79 | 199 | 1.63 | 4.77 | 3.15 |
| 2030 | 17.39 | 18.02 | 0.62 | 198 | 1.67 | 4.82 | 3.15 |
| 2031 | 17.62 | 18.09 | 0.47 | 197 | 1.72 | 4.86 | 3.15 |
| 2032 | 17.83 | 18.20 | 0.38 | 197 | 1.76 | 4.96 | 3.20 |
| 2033 | 18.00 | 18.30 | 0.29 | 197 | 1.80 | 5.04 | 3.24 |
| 2034 | 18.15 | 18.40 | 0.24 | 197 | 1.83 | 5.13 | 3.30 |
| 2035 | 18.28 | 18.49 | 0.20 | 198 | 1.86 | 5.21 | 3.35 |
| 2036 | 18.39 | 18.52 | 0.13 | 200 | 1.89 | 5.24 | 3.35 |
| 2037 | 18.50 | 18.55 | 0.05 | 201 | 1.92 | 5.26 | 3.34 |
| 2038 | 18.58 | 18.58 | -0.01 | 203 | 1.94 | 5.28 | 3.34 |
| 2039 | 18.65 | 18.60 | -0.05 | 204 | 1.96 | 5.31 | 3.34 |
| 2040 | 18.70 | 18.63 | -0.07 | 205 | 1.98 | 5.33 | 3.35 |
| 2041 | 18.74 | 18.65 | -0.09 | 206 | 2.00 | 5.35 | 3.35 |
| 2042 | 18.78 | 18.67 | -0.11 | 207 | 2.02 | 5.37 | 3.35 |
| 2043 | 18.81 | 18.69 | -0.12 | 208 | 2.03 | 5.39 | 3.36 |
| 2044 | 18.85 | 18.71 | -0.13 | 209 | 2.05 | 5.41 | 3.36 |
| 2045 | 18.88 | 18.74 | -0.14 | 210 | 2.06 | 5.43 | 3.37 |
| 2046 | 18.91 | 18.76 | -0.15 | 211 | 2.07 | 5.45 | 3.38 |
| 2047 | 18.95 | 18.78 | -0.17 | 212 | 2.08 | 5.46 | 3.38 |
| 2048 | 18.98 | 18.80 | -0.18 | 213 | 2.09 | 5.48 | 3.39 |
| 2049 | 19.02 | 18.82 | -0.20 | 213 | 2.10 | 5.50 | 3.40 |
| 2050 | 19.06 | 18.84 | -0.22 | 214 | 2.11 | 5.52 | 3.41 |
| 2051 | 19.10 | 18.86 | -0.24 | 214 | 2.12 | 5.54 | 3.42 |
| 2052 | 19.14 | 18.88 | -0.26 | 214 | 2.13 | 5.55 | 3.42 |
| 2053 | 19.19 | 18.89 | -0.30 | 214 | 2.14 | 5.57 | 3.43 |
| 2054 | 19.24 | 18.91 | -0.33 | 213 | 2.15 | 5.58 | 3.43 |
| 2055 | 19.30 | 18.93 | -0.37 | 213 | 2.15 | 5.59 | 3.44 |
| 2056 | 19.37 | 18.95 | -0.42 | 212 | 2.16 | 5.61 | 3.44 |
| 2057 | 19.43 | 18.97 | -0.47 | 211 | 2.17 | 5.62 | 3.45 |
| 2058 | 19.51 | 18.99 | -0.52 | 209 | 2.18 | 5.64 | 3.45 |
| 2059 | 19.58 | 19.00 | -0.57 | 208 | 2.19 | 5.65 | 3.46 |
| 2060 | 19.65 | 19.02 | -0.63 | 206 | 2.20 | 5.66 | 3.46 |
| 2061 | 19.72 | 19.04 | -0.68 | 204 | 2.21 | 5.67 | 3.46 |
| 2062 | 19.79 | 19.06 | -0.73 | 201 | 2.22 | 5.69 | 3.47 |
| 2063 | 19.86 | 19.07 | -0.78 | 199 | 2.23 | 5.70 | 3.47 |
| 2064 | 19.92 | 19.09 | -0.83 | 196 | 2.24 | 5.71 | 3.47 |
| 2065 | 19.98 | 19.11 | -0.87 | 193 | 2.25 | 5.72 | 3.48 |
| 2066 | 20.04 | 19.12 | -0.91 | 189 | 2.25 | 5.74 | 3.48 |
| 2067 | 20.10 | 19.14 | -0.96 | 186 | 2.26 | 5.75 | 3.48 |
| 2068 | 20.16 | 19.15 | -1.01 | 182 | 2.27 | 5.76 | 3.49 |
| 2069 | 20.23 | 19.17 | -1.06 | 178 | 2.28 | 5.77 | 3.49 |
| 2070 | 20.29 | 19.18 | -1.11 | 174 | 2.29 | 5.78 | 3.49 |
| 2071 | 20.36 | 19.20 | -1.16 | 170 | 2.30 | 5.79 | 3.49 |
| 2072 | 20.42 | 19.21 | -1.21 | 165 | 2.31 | 5.80 | 3.49 |
| 2073 | 20.48 | 19.23 | -1.25 | 160 | 2.32 | 5.81 | 3.49 |
| 2074 | 20.54 | 19.24 | -1.30 | 155 | 2.32 | 5.82 | 3.50 |
| 2075 | 20.59 | 19.25 | -1.33 | 150 | 2.33 | 5.83 | 3.50 |
| 2076 | 20.63 | 19.26 | -1.36 | 145 | 2.34 | 5.84 | 3.50 |
| 2077 | 20.65 | 19.28 | -1.38 | 139 | 2.34 | 5.85 | 3.51 |
| 2078 | 20.67 | 19.29 | -1.38 | 134 | 2.35 | 5.86 | 3.51 |
| 2079 | 20.66 | 19.30 | -1.37 | 128 | 2.35 | 5.87 | 3.52 |
| 2080 | 20.65 | 19.30 | -1.34 | 123 | 2.35 | 5.88 | 3.53 |
| 2081 | 20.62 | 19.31 | -1.31 | 118 | 2.35 | 5.88 | 3.54 |
| 2082 | 20.59 | 19.32 | -1.27 | 113 | 2.35 | 5.89 | 3.55 |
| 2083 | 20.55 | 19.33 | -1.22 | 108 | 2.34 | 5.90 | 3.56 |
| 2084 | 20.50 | 19.33 | -1.17 | 103 | 2.34 | 5.91 | 3.57 |
| 2085 | 20.44 | 19.34 | -1.11 | 98 | 2.34 | 5.92 | 3.58 |
| 2086 | 20.38 | 19.34 | -1.04 | 94 | 2.33 | 5.93 | 3.60 |
| 2087 | 20.31 | 19.34 | -0.96 | 90 | 2.32 | 5.93 | 3.61 |
| 2088 | 20.23 | 19.35 | -0.89 | 87 | 2.32 | 5.94 | 3.62 |
| 2089 | 20.16 | 19.35 | -0.81 | 83 | 2.31 | 5.95 | 3.64 |
| 2090 | 20.10 | 19.35 | -0.74 | 80 | 2.31 | 5.96 | 3.65 |
| 2091 | 20.04 | 19.36 | -0.69 | 77 | 2.30 | 5.96 | 3.66 |
| 2092 | 20.00 | 19.36 | -0.64 | 75 | 2.30 | 5.97 | 3.67 |
| 2093 | 19.96 | 19.36 | -0.60 | 72 | 2.29 | 5.97 | 3.68 |
| 2094 | 19.94 | 19.37 | -0.57 | 70 | 2.29 | 5.98 | 3.69 |
| 2095 | 19.93 | 19.38 | -0.55 | 68 | 2.29 | 5.99 | 3.70 |
| 2096 | 19.93 | 19.38 | -0.55 | 66 | 2.29 | 5.99 | 3.71 |
| 2097 | 19.93 | 19.39 | -0.55 | 64 | 2.29 | 6.00 | 3.71 |

**Summarized Rates: OASDI**

| | Cost Rate | Income Rate | Actuarial Balance | Year of reserve depletion[1] |
|---|---|---|---|---|
| 2022 - 2096 | 19.27% | 19.19% | -0.08% | N/A |

**Summarized Rates: OASDI**

| Change in Cost rate | Change in Income Rate | Change in Actuarial Balance |
|---|---|---|
| 2.07% | 5.41% | 3.34% |

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Note: Based on Intermediate Assumptions of the 2022 Trustees Report.
[1]Under current law the year of combined Trust Fund reserve depletion is 2035.

**Table 1a - General Fund Transfers, OASDI Trust Fund Reserves, and Theoretical OASDI Reserves**
***"Social Security Expansion Act", Introduced by Senator Sanders and Representative DeFazio***

| | Proposal General Fund Transfers | | | *Billions of Present Value Dollars as of 1-1-2022* | | | |
|---|---|---|---|---|---|---|---|
| | | *Billions of Present Value Dollars as of 1-1-2022* | | | | Theoretical Social Security[1] with Borrowing Authority: Net OASDI Trust Fund Reserves at End of Year | |
| Calendar Year | Percentage of Payroll | Annual Amounts | Accumulated as of End of Year | Proposal Total OASDI Trust Fund Reserves at End of Year | Gross Domestic Product | Without General Fund Transfers | With Plan General Fund Transfers |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 2022 | 0.0 | 0.0 | 0.0 | 2,742.4 | 24,670.2 | 2,742.4 | 2,742.4 |
| 2023 | 0.0 | 0.0 | 0.0 | 2,891.4 | 25,333.6 | 2,628.4 | 2,628.4 |
| 2024 | 0.0 | 0.0 | 0.0 | 3,039.3 | 25,907.1 | 2,490.8 | 2,490.8 |
| 2025 | 0.0 | 0.0 | 0.0 | 3,175.7 | 26,444.2 | 2,331.1 | 2,331.1 |
| 2026 | 0.0 | 0.0 | 0.0 | 3,306.9 | 26,928.8 | 2,156.8 | 2,156.8 |
| 2027 | 0.0 | 0.0 | 0.0 | 3,422.9 | 27,371.7 | 1,959.8 | 1,959.8 |
| 2028 | 0.0 | 0.0 | 0.0 | 3,521.6 | 27,763.6 | 1,741.2 | 1,741.2 |
| 2029 | 0.0 | 0.0 | 0.0 | 3,603.7 | 28,119.0 | 1,502.6 | 1,502.6 |
| 2030 | 0.0 | 0.0 | 0.0 | 3,669.4 | 28,408.3 | 1,244.3 | 1,244.3 |
| 2031 | 0.0 | 0.0 | 0.0 | 3,719.9 | 28,622.8 | 968.1 | 968.1 |
| 2032 | 0.0 | 0.0 | 0.0 | 3,761.0 | 28,765.3 | 675.8 | 675.8 |
| 2033 | 0.0 | 0.0 | 0.0 | 3,793.6 | 28,828.0 | 370.4 | 370.4 |
| 2034 | 0.0 | 0.0 | 0.0 | 3,821.0 | 28,790.9 | 54.8 | 54.8 |
| 2035 | 0.0 | 0.0 | 0.0 | 3,844.3 | 28,673.1 | -268.1 | -268.1 |
| 2036 | 0.0 | 0.0 | 0.0 | 3,859.7 | 28,513.6 | -595.9 | -595.9 |
| 2037 | 0.0 | 0.0 | 0.0 | 3,867.2 | 28,324.8 | -928.1 | -928.1 |
| 2038 | 0.0 | 0.0 | 0.0 | 3,868.7 | 28,137.7 | -1,263.3 | -1,263.3 |
| 2039 | 0.0 | 0.0 | 0.0 | 3,866.0 | 27,941.1 | -1,599.7 | -1,599.7 |
| 2040 | 0.0 | 0.0 | 0.0 | 3,860.9 | 27,743.7 | -1,935.8 | -1,935.8 |
| 2041 | 0.0 | 0.0 | 0.0 | 3,854.3 | 27,541.8 | -2,270.6 | -2,270.6 |
| 2042 | 0.0 | 0.0 | 0.0 | 3,845.7 | 27,341.5 | -2,604.5 | -2,604.5 |
| 2043 | 0.0 | 0.0 | 0.0 | 3,836.3 | 27,144.6 | -2,937.0 | -2,937.0 |
| 2044 | 0.0 | 0.0 | 0.0 | 3,825.7 | 26,948.3 | -3,268.1 | -3,268.1 |
| 2045 | 0.0 | 0.0 | 0.0 | 3,814.2 | 26,757.4 | -3,597.9 | -3,597.9 |
| 2046 | 0.0 | 0.0 | 0.0 | 3,801.9 | 26,570.0 | -3,926.3 | -3,926.3 |
| 2047 | 0.0 | 0.0 | 0.0 | 3,788.3 | 26,384.5 | -4,253.8 | -4,253.8 |
| 2048 | 0.0 | 0.0 | 0.0 | 3,773.6 | 26,206.1 | -4,580.7 | -4,580.7 |
| 2049 | 0.0 | 0.0 | 0.0 | 3,757.5 | 26,030.9 | -4,907.1 | -4,907.1 |
| 2050 | 0.0 | 0.0 | 0.0 | 3,739.5 | 25,861.5 | -5,233.6 | -5,233.6 |
| 2051 | 0.0 | 0.0 | 0.0 | 3,719.7 | 25,694.2 | -5,560.0 | -5,560.0 |
| 2052 | 0.0 | 0.0 | 0.0 | 3,698.1 | 25,529.0 | -5,886.6 | -5,886.6 |
| 2053 | 0.0 | 0.0 | 0.0 | 3,673.8 | 25,365.7 | -6,213.9 | -6,213.9 |
| 2054 | 0.0 | 0.0 | 0.0 | 3,646.7 | 25,203.7 | -6,542.1 | -6,542.1 |
| 2055 | 0.0 | 0.0 | 0.0 | 3,616.2 | 25,044.6 | -6,871.9 | -6,871.9 |
| 2056 | 0.0 | 0.0 | 0.0 | 3,582.2 | 24,887.4 | -7,203.5 | -7,203.5 |
| 2057 | 0.0 | 0.0 | 0.0 | 3,544.1 | 24,731.9 | -7,537.2 | -7,537.2 |
| 2058 | 0.0 | 0.0 | 0.0 | 3,501.8 | 24,577.6 | -7,873.3 | -7,873.3 |
| 2059 | 0.0 | 0.0 | 0.0 | 3,455.2 | 24,422.8 | -8,211.8 | -8,211.8 |
| 2060 | 0.0 | 0.0 | 0.0 | 3,404.5 | 24,268.8 | -8,552.6 | -8,552.6 |
| 2061 | 0.0 | 0.0 | 0.0 | 3,349.7 | 24,113.7 | -8,895.5 | -8,895.5 |
| 2062 | 0.0 | 0.0 | 0.0 | 3,291.1 | 23,958.9 | -9,240.2 | -9,240.2 |
| 2063 | 0.0 | 0.0 | 0.0 | 3,229.1 | 23,803.0 | -9,586.4 | -9,586.4 |
| 2064 | 0.0 | 0.0 | 0.0 | 3,163.9 | 23,646.1 | -9,933.9 | -9,933.9 |
| 2065 | 0.0 | 0.0 | 0.0 | 3,095.7 | 23,488.7 | -10,282.4 | -10,282.4 |
| 2066 | 0.0 | 0.0 | 0.0 | 3,024.5 | 23,330.7 | -10,632.1 | -10,632.1 |
| 2067 | 0.0 | 0.0 | 0.0 | 2,950.3 | 23,172.4 | -10,982.7 | -10,982.7 |
| 2068 | 0.0 | 0.0 | 0.0 | 2,872.9 | 23,014.1 | -11,334.5 | -11,334.5 |
| 2069 | 0.0 | 0.0 | 0.0 | 2,792.2 | 22,854.0 | -11,687.5 | -11,687.5 |
| 2070 | 0.0 | 0.0 | 0.0 | 2,708.0 | 22,693.2 | -12,041.8 | -12,041.8 |
| 2071 | 0.0 | 0.0 | 0.0 | 2,621.0 | 22,533.2 | -12,397.0 | -12,397.0 |
| 2072 | 0.0 | 0.0 | 0.0 | 2,531.0 | 22,374.2 | -12,753.1 | -12,753.1 |
| 2073 | 0.0 | 0.0 | 0.0 | 2,438.1 | 22,217.6 | -13,110.0 | -13,110.0 |
| 2074 | 0.0 | 0.0 | 0.0 | 2,342.8 | 22,065.4 | -13,467.4 | -13,467.4 |
| 2075 | 0.0 | 0.0 | 0.0 | 2,245.5 | 21,915.7 | -13,825.0 | -13,825.0 |
| 2076 | 0.0 | 0.0 | 0.0 | 2,147.0 | 21,768.5 | -14,181.9 | -14,181.9 |
| 2077 | 0.0 | 0.0 | 0.0 | 2,048.0 | 21,623.0 | -14,537.7 | -14,537.7 |
| 2078 | 0.0 | 0.0 | 0.0 | 1,949.7 | 21,481.9 | -14,891.3 | -14,891.3 |
| 2079 | 0.0 | 0.0 | 0.0 | 1,852.9 | 21,344.5 | -15,242.0 | -15,242.0 |
| 2080 | 0.0 | 0.0 | 0.0 | 1,758.4 | 21,210.9 | -15,589.0 | -15,589.0 |
| 2081 | 0.0 | 0.0 | 0.0 | 1,666.9 | 21,080.5 | -15,931.9 | -15,931.9 |
| 2082 | 0.0 | 0.0 | 0.0 | 1,579.0 | 20,953.7 | -16,270.3 | -16,270.3 |
| 2083 | 0.0 | 0.0 | 0.0 | 1,495.0 | 20,831.5 | -16,603.6 | -16,603.6 |
| 2084 | 0.0 | 0.0 | 0.0 | 1,415.5 | 20,711.1 | -16,931.7 | -16,931.7 |
| 2085 | 0.0 | 0.0 | 0.0 | 1,340.8 | 20,594.6 | -17,254.1 | -17,254.1 |
| 2086 | 0.0 | 0.0 | 0.0 | 1,271.3 | 20,479.3 | -17,570.5 | -17,570.5 |
| 2087 | 0.0 | 0.0 | 0.0 | 1,207.5 | 20,366.1 | -17,880.7 | -17,880.7 |
| 2088 | 0.0 | 0.0 | 0.0 | 1,149.1 | 20,254.0 | -18,184.7 | -18,184.7 |
| 2089 | 0.0 | 0.0 | 0.0 | 1,096.0 | 20,142.8 | -18,482.8 | -18,482.8 |
| 2090 | 0.0 | 0.0 | 0.0 | 1,047.8 | 20,032.9 | -18,775.3 | -18,775.3 |
| 2091 | 0.0 | 0.0 | 0.0 | 1,003.8 | 19,922.5 | -19,062.9 | -19,062.9 |
| 2092 | 0.0 | 0.0 | 0.0 | 963.3 | 19,811.5 | -19,346.2 | -19,346.2 |
| 2093 | 0.0 | 0.0 | 0.0 | 925.4 | 19,699.9 | -19,625.9 | -19,625.9 |
| 2094 | 0.0 | 0.0 | 0.0 | 889.7 | 19,587.1 | -19,902.6 | -19,902.6 |
| 2095 | 0.0 | 0.0 | 0.0 | 855.3 | 19,473.8 | -20,176.8 | -20,176.8 |
| 2096 | 0.0 | 0.0 | 0.0 | 821.7 | 19,359.0 | -20,449.2 | -20,449.2 |
| 2097 | 0.0 | 0.0 | 0.0 | 788.3 | 19,243.1 | -20,720.3 | -20,720.3 |
| Total 2022-2096 | | 0.0 | | | | | |

Notes: Based on the Intermediate Assumptions of the 2022 Trustees Report.
Ultimate Real Trust Fund Yield of 2.3%.
[1] Theoretical Social Security is the current Social Security program with the assumption that the law is modified to permit borrowing from the General Fund of the Treasury.

Office of the Chief Actuary
Social Security Administration
June 9, 2022

**Table 1b - OASDI Changes & Implications for Federal Budget and Debt of Specified Plan Provision Effects on OASDI (Present Value Dollars)**
***"Social Security Expansion Act", Introduced by Senator Sanders and Representative DeFazio***

| | Billions of Present Value Dollars as of 1-1-2022 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Year | Specified General Fund Transfers | Basic Changes in OASDI Cash Flow | Change in Annual Unified Budget Cash Flow | Change in Debt Held by Public at End of Year | Change in Annual Unified Budget Balance | Change in Annual On Budget Cash Flow | Change in Total Federal Debt Subject to Limit End Of Year | Change in Annual On Budget Balance |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 2022 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2023 | 0.0 | 262.9 | 262.9 | -262.9 | 262.9 | 0.0 | 0.0 | 0.0 |
| 2024 | 0.0 | 285.6 | 285.6 | -548.5 | 291.1 | 0.0 | 0.0 | 0.0 |
| 2025 | 0.0 | 296.1 | 296.1 | -844.6 | 307.9 | 0.0 | 0.0 | 0.0 |
| 2026 | 0.0 | 305.5 | 305.5 | -1,150.1 | 324.8 | 0.0 | 0.0 | 0.0 |
| 2027 | 0.0 | 313.0 | 313.0 | -1,463.1 | 341.4 | 0.0 | 0.0 | 0.0 |
| 2028 | 0.0 | 317.3 | 317.3 | -1,780.4 | 356.1 | 0.0 | 0.0 | 0.0 |
| 2029 | 0.0 | 320.8 | 320.8 | -2,101.2 | 371.4 | 0.0 | 0.0 | 0.0 |
| 2030 | 0.0 | 323.9 | 323.9 | -2,425.1 | 388.5 | 0.0 | 0.0 | 0.0 |
| 2031 | 0.0 | 326.6 | 326.6 | -2,751.7 | 407.8 | 0.0 | 0.0 | 0.0 |
| 2032 | 0.0 | 333.4 | 333.4 | -3,085.1 | 431.5 | 0.0 | 0.0 | 0.0 |
| 2033 | 0.0 | 338.0 | 338.0 | -3,423.2 | 458.2 | 0.0 | 0.0 | 0.0 |
| 2034 | 0.0 | 343.1 | 343.1 | -3,766.2 | 486.9 | 0.0 | 0.0 | 0.0 |
| 2035 | 0.0 | 346.2 | 346.2 | -4,112.4 | 511.9 | 0.0 | 0.0 | 0.0 |
| 2036 | 0.0 | 343.2 | 343.2 | -4,455.6 | 526.9 | 0.0 | 0.0 | 0.0 |
| 2037 | 0.0 | 339.7 | 339.7 | -4,795.4 | 540.2 | 0.0 | 0.0 | 0.0 |
| 2038 | 0.0 | 336.6 | 336.6 | -5,132.0 | 553.3 | 0.0 | 0.0 | 0.0 |
| 2039 | 0.0 | 333.7 | 333.7 | -5,465.7 | 566.0 | 0.0 | 0.0 | 0.0 |
| 2040 | 0.0 | 331.0 | 331.0 | -5,796.6 | 578.7 | 0.0 | 0.0 | 0.0 |
| 2041 | 0.0 | 328.2 | 328.2 | -6,124.9 | 591.1 | 0.0 | 0.0 | 0.0 |
| 2042 | 0.0 | 325.4 | 325.4 | -6,450.3 | 603.4 | 0.0 | 0.0 | 0.0 |
| 2043 | 0.0 | 323.0 | 323.0 | -6,773.3 | 615.8 | 0.0 | 0.0 | 0.0 |
| 2044 | 0.0 | 320.6 | 320.6 | -7,093.8 | 628.0 | 0.0 | 0.0 | 0.0 |
| 2045 | 0.0 | 318.3 | 318.3 | -7,412.1 | 640.3 | 0.0 | 0.0 | 0.0 |
| 2046 | 0.0 | 316.1 | 316.1 | -7,728.2 | 652.5 | 0.0 | 0.0 | 0.0 |
| 2047 | 0.0 | 314.0 | 314.0 | -8,042.2 | 664.8 | 0.0 | 0.0 | 0.0 |
| 2048 | 0.0 | 312.1 | 312.1 | -8,354.3 | 677.2 | 0.0 | 0.0 | 0.0 |
| 2049 | 0.0 | 310.3 | 310.3 | -8,664.6 | 689.5 | 0.0 | 0.0 | 0.0 |
| 2050 | 0.0 | 308.5 | 308.5 | -8,973.0 | 701.8 | 0.0 | 0.0 | 0.0 |
| 2051 | 0.0 | 306.7 | 306.7 | -9,279.7 | 714.0 | 0.0 | 0.0 | 0.0 |
| 2052 | 0.0 | 305.0 | 305.0 | -9,584.7 | 726.2 | 0.0 | 0.0 | 0.0 |
| 2053 | 0.0 | 303.0 | 303.0 | -9,887.7 | 738.1 | 0.0 | 0.0 | 0.0 |
| 2054 | 0.0 | 301.1 | 301.1 | -10,188.8 | 750.0 | 0.0 | 0.0 | 0.0 |
| 2055 | 0.0 | 299.3 | 299.3 | -10,488.2 | 761.8 | 0.0 | 0.0 | 0.0 |
| 2056 | 0.0 | 297.5 | 297.5 | -10,785.6 | 773.6 | 0.0 | 0.0 | 0.0 |
| 2057 | 0.0 | 295.6 | 295.6 | -11,081.3 | 785.2 | 0.0 | 0.0 | 0.0 |
| 2058 | 0.0 | 293.8 | 293.8 | -11,375.1 | 796.9 | 0.0 | 0.0 | 0.0 |
| 2059 | 0.0 | 291.9 | 291.9 | -11,667.0 | 808.3 | 0.0 | 0.0 | 0.0 |
| 2060 | 0.0 | 290.0 | 290.0 | -11,957.1 | 819.6 | 0.0 | 0.0 | 0.0 |
| 2061 | 0.0 | 288.1 | 288.1 | -12,245.2 | 830.9 | 0.0 | 0.0 | 0.0 |
| 2062 | 0.0 | 286.1 | 286.1 | -12,531.3 | 842.0 | 0.0 | 0.0 | 0.0 |
| 2063 | 0.0 | 284.2 | 284.2 | -12,815.5 | 853.0 | 0.0 | 0.0 | 0.0 |
| 2064 | 0.0 | 282.3 | 282.3 | -13,097.8 | 864.0 | 0.0 | 0.0 | 0.0 |
| 2065 | 0.0 | 280.4 | 280.4 | -13,378.1 | 874.9 | 0.0 | 0.0 | 0.0 |
| 2066 | 0.0 | 278.5 | 278.5 | -13,656.6 | 885.7 | 0.0 | 0.0 | 0.0 |
| 2067 | 0.0 | 276.4 | 276.4 | -13,933.0 | 896.4 | 0.0 | 0.0 | 0.0 |
| 2068 | 0.0 | 274.4 | 274.4 | -14,207.4 | 906.8 | 0.0 | 0.0 | 0.0 |
| 2069 | 0.0 | 272.3 | 272.3 | -14,479.7 | 917.2 | 0.0 | 0.0 | 0.0 |
| 2070 | 0.0 | 270.2 | 270.2 | -14,749.8 | 927.4 | 0.0 | 0.0 | 0.0 |
| 2071 | 0.0 | 268.2 | 268.2 | -15,018.0 | 937.7 | 0.0 | 0.0 | 0.0 |
| 2072 | 0.0 | 266.1 | 266.1 | -15,284.1 | 947.8 | 0.0 | 0.0 | 0.0 |
| 2073 | 0.0 | 264.1 | 264.1 | -15,548.2 | 957.9 | 0.0 | 0.0 | 0.0 |
| 2074 | 0.0 | 262.1 | 262.1 | -15,810.3 | 967.9 | 0.0 | 0.0 | 0.0 |
| 2075 | 0.0 | 260.2 | 260.2 | -16,070.5 | 977.9 | 0.0 | 0.0 | 0.0 |
| 2076 | 0.0 | 258.4 | 258.4 | -16,328.9 | 987.9 | 0.0 | 0.0 | 0.0 |
| 2077 | 0.0 | 256.8 | 256.8 | -16,585.7 | 998.0 | 0.0 | 0.0 | 0.0 |
| 2078 | 0.0 | 255.3 | 255.3 | -16,841.0 | 1,008.2 | 0.0 | 0.0 | 0.0 |
| 2079 | 0.0 | 253.9 | 253.9 | -17,094.8 | 1,018.3 | 0.0 | 0.0 | 0.0 |
| 2080 | 0.0 | 252.6 | 252.6 | -17,347.5 | 1,028.6 | 0.0 | 0.0 | 0.0 |
| 2081 | 0.0 | 251.4 | 251.4 | -17,598.9 | 1,038.9 | 0.0 | 0.0 | 0.0 |
| 2082 | 0.0 | 250.4 | 250.4 | -17,849.2 | 1,049.2 | 0.0 | 0.0 | 0.0 |
| 2083 | 0.0 | 249.4 | 249.4 | -18,098.6 | 1,059.6 | 0.0 | 0.0 | 0.0 |
| 2084 | 0.0 | 248.5 | 248.5 | -18,347.1 | 1,070.1 | 0.0 | 0.0 | 0.0 |
| 2085 | 0.0 | 247.7 | 247.7 | -18,594.9 | 1,080.5 | 0.0 | 0.0 | 0.0 |
| 2086 | 0.0 | 247.0 | 247.0 | -18,841.8 | 1,091.1 | 0.0 | 0.0 | 0.0 |
| 2087 | 0.0 | 246.3 | 246.3 | -19,088.2 | 1,101.6 | 0.0 | 0.0 | 0.0 |
| 2088 | 0.0 | 245.7 | 245.7 | -19,333.8 | 1,112.1 | 0.0 | 0.0 | 0.0 |
| 2089 | 0.0 | 245.0 | 245.0 | -19,578.8 | 1,122.6 | 0.0 | 0.0 | 0.0 |
| 2090 | 0.0 | 244.3 | 244.3 | -19,823.1 | 1,133.1 | 0.0 | 0.0 | 0.0 |
| 2091 | 0.0 | 243.6 | 243.6 | -20,066.7 | 1,143.4 | 0.0 | 0.0 | 0.0 |
| 2092 | 0.0 | 242.7 | 242.7 | -20,309.4 | 1,153.6 | 0.0 | 0.0 | 0.0 |
| 2093 | 0.0 | 241.9 | 241.9 | -20,551.3 | 1,163.8 | 0.0 | 0.0 | 0.0 |
| 2094 | 0.0 | 240.9 | 240.9 | -20,792.2 | 1,173.8 | 0.0 | 0.0 | 0.0 |
| 2095 | 0.0 | 239.9 | 239.9 | -21,032.1 | 1,183.7 | 0.0 | 0.0 | 0.0 |
| 2096 | 0.0 | 238.8 | 238.8 | -21,270.9 | 1,193.5 | 0.0 | 0.0 | 0.0 |
| Total 2022-2096 | 0.0 | 21,270.9 | 21,270.9 | | | | | |

Notes: Based on Intermediate Assumptions of the 2022 Trustees Report.
Ultimate Real Trust Fund Yield of 2.3%.
Changes reflect the budget scoring convention that presumes benefits not payable after reserve depletion would nonetheless be paid, based on transfers from the General Fund of the Treasury resulting in additional borrowing from the public.
Budget cash flows do not reflect effects on the General Fund of modifying the net investment income (NII) tax provisions, or from changes in income tax revenues due to behavioral response of tax filers on reported income.

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**Table 1b.n - OASDI Changes & Implications for Federal Budget and Debt of Specified Plan Provision Effects on OASDI (Nominal Dollars)**
***"Social Security Expansion Act", Introduced by Senator Sanders and Representative DeFazio***

| | *Billions of Nominal Dollars* | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Year | Specified General Fund Transfers | Basic Changes in OASDI Cash Flow | Change in Annual Unified Budget Cash Flow | Change in Debt Held by Public at End of Year[1] | Change in Annual Unified Budget Balance[1] | Change in Annual On Budget Cash Flow | Change in Total Federal Debt Subject to Limit End of Year[1] | Change in Annual On Budget Balance[1] |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 2022 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 2023 | 0.0 | 271.7 | 271.7 | -274.8 | 274.8 | 0.0 | 0.0 | 0.0 |
| 2024 | 0.0 | 301.4 | 301.4 | -585.6 | 310.8 | 0.0 | 0.0 | 0.0 |
| 2025 | 0.0 | 319.3 | 319.3 | -921.7 | 336.1 | 0.0 | 0.0 | 0.0 |
| 2026 | 0.0 | 336.9 | 336.9 | -1,284.6 | 363.0 | 0.0 | 0.0 | 0.0 |
| 2027 | 0.0 | 353.5 | 353.5 | -1,675.8 | 391.1 | 0.0 | 0.0 | 0.0 |
| 2028 | 0.0 | 367.8 | 367.8 | -2,094.9 | 419.1 | 0.0 | 0.0 | 0.0 |
| 2029 | 0.0 | 382.3 | 382.3 | -2,544.6 | 449.7 | 0.0 | 0.0 | 0.0 |
| 2030 | 0.0 | 397.8 | 397.8 | -3,029.5 | 484.9 | 0.0 | 0.0 | 0.0 |
| 2031 | 0.0 | 414.3 | 414.3 | -3,555.1 | 525.6 | 0.0 | 0.0 | 0.0 |
| 2032 | 0.0 | 438.0 | 438.0 | -4,130.1 | 575.0 | 0.0 | 0.0 | 0.0 |

Notes: Based on Intermediate Assumptions of the 2022 Trustees Report.
Changes reflect the budget scoring convention that presumes benefits not payable after reserve depletion would nonetheless be paid, based on transfers from the General Fund of the Treasury resulting in additional borrowing from the public.
Budget cash flows do not reflect effects on the General Fund of modifying the net investment income (NII) tax provisions, or from changes in income tax revenues due to behavioral response of tax filers on reported income.
[1] Includes the effect of accumulated interest income.

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**Table 1c - Current Law and Proposal Cost, Expenditures, and Income: As Percent of Gross Domestic Product**
***"Social Security Expansion Act", Introduced by Senator Sanders and Representative DeFazio***

| | Current Law OASDI | | | Proposal OASDI | | |
|---|---|---|---|---|---|---|
| Calendar Year | Cost (1) | Expenditures (Payable) (2) | Non-Interest Income (3) | Cost (4) | Expenditures (Payable) (5) | Non-Interest Income (6) |
| 2022 | 4.98 | 4.98 | 4.53 | 4.98 | 4.98 | 4.53 |
| 2023 | 5.09 | 5.09 | 4.63 | 5.57 | 5.57 | 6.16 |
| 2024 | 5.17 | 5.17 | 4.63 | 5.66 | 5.66 | 6.23 |
| 2025 | 5.26 | 5.26 | 4.66 | 5.77 | 5.77 | 6.28 |
| 2026 | 5.36 | 5.36 | 4.71 | 5.89 | 5.89 | 6.37 |
| 2027 | 5.45 | 5.45 | 4.73 | 6.00 | 6.00 | 6.42 |
| 2028 | 5.54 | 5.54 | 4.75 | 6.11 | 6.11 | 6.47 |
| 2029 | 5.62 | 5.62 | 4.77 | 6.21 | 6.21 | 6.50 |
| 2030 | 5.69 | 5.69 | 4.78 | 6.30 | 6.30 | 6.53 |
| 2031 | 5.76 | 5.76 | 4.79 | 6.38 | 6.38 | 6.55 |
| 2032 | 5.81 | 5.81 | 4.79 | 6.45 | 6.45 | 6.58 |
| 2033 | 5.85 | 5.85 | 4.79 | 6.50 | 6.50 | 6.60 |
| 2034 | 5.88 | 5.88 | 4.78 | 6.54 | 6.54 | 6.63 |
| 2035 | 5.90 | 4.96 | 4.77 | 6.57 | 6.57 | 6.65 |
| 2036 | 5.92 | 4.77 | 4.77 | 6.60 | 6.60 | 6.65 |
| 2037 | 5.94 | 4.76 | 4.76 | 6.63 | 6.63 | 6.64 |
| 2038 | 5.95 | 4.75 | 4.75 | 6.64 | 6.64 | 6.64 |
| 2039 | 5.95 | 4.74 | 4.74 | 6.65 | 6.65 | 6.63 |
| 2040 | 5.95 | 4.73 | 4.73 | 6.66 | 6.66 | 6.63 |
| 2041 | 5.95 | 4.72 | 4.72 | 6.66 | 6.66 | 6.62 |
| 2042 | 5.94 | 4.72 | 4.72 | 6.66 | 6.66 | 6.62 |
| 2043 | 5.94 | 4.71 | 4.71 | 6.66 | 6.66 | 6.61 |
| 2044 | 5.93 | 4.70 | 4.70 | 6.65 | 6.65 | 6.61 |
| 2045 | 5.93 | 4.69 | 4.69 | 6.65 | 6.65 | 6.60 |
| 2046 | 5.92 | 4.68 | 4.68 | 6.65 | 6.65 | 6.60 |
| 2047 | 5.92 | 4.67 | 4.67 | 6.65 | 6.65 | 6.59 |
| 2048 | 5.92 | 4.67 | 4.67 | 6.65 | 6.65 | 6.59 |
| 2049 | 5.92 | 4.66 | 4.66 | 6.65 | 6.65 | 6.58 |
| 2050 | 5.92 | 4.65 | 4.65 | 6.66 | 6.66 | 6.58 |
| 2051 | 5.92 | 4.65 | 4.65 | 6.66 | 6.66 | 6.58 |
| 2052 | 5.93 | 4.64 | 4.64 | 6.67 | 6.67 | 6.57 |
| 2053 | 5.93 | 4.64 | 4.64 | 6.67 | 6.67 | 6.57 |
| 2054 | 5.94 | 4.63 | 4.63 | 6.68 | 6.68 | 6.57 |
| 2055 | 5.95 | 4.62 | 4.62 | 6.69 | 6.69 | 6.56 |
| 2056 | 5.96 | 4.62 | 4.62 | 6.71 | 6.71 | 6.56 |
| 2057 | 5.97 | 4.62 | 4.62 | 6.72 | 6.72 | 6.56 |
| 2058 | 5.99 | 4.61 | 4.61 | 6.74 | 6.74 | 6.56 |
| 2059 | 6.00 | 4.61 | 4.61 | 6.76 | 6.76 | 6.56 |
| 2060 | 6.01 | 4.60 | 4.60 | 6.77 | 6.77 | 6.56 |
| 2061 | 6.03 | 4.60 | 4.60 | 6.79 | 6.79 | 6.55 |
| 2062 | 6.04 | 4.60 | 4.60 | 6.80 | 6.80 | 6.55 |
| 2063 | 6.05 | 4.59 | 4.59 | 6.82 | 6.82 | 6.55 |
| 2064 | 6.06 | 4.59 | 4.59 | 6.83 | 6.83 | 6.55 |
| 2065 | 6.07 | 4.58 | 4.58 | 6.84 | 6.84 | 6.55 |
| 2066 | 6.08 | 4.58 | 4.58 | 6.86 | 6.86 | 6.54 |
| 2067 | 6.10 | 4.58 | 4.58 | 6.87 | 6.87 | 6.54 |
| 2068 | 6.11 | 4.57 | 4.57 | 6.88 | 6.88 | 6.54 |
| 2069 | 6.12 | 4.57 | 4.57 | 6.90 | 6.90 | 6.54 |
| 2070 | 6.13 | 4.57 | 4.57 | 6.91 | 6.91 | 6.53 |
| 2071 | 6.14 | 4.56 | 4.56 | 6.93 | 6.93 | 6.53 |
| 2072 | 6.16 | 4.56 | 4.56 | 6.94 | 6.94 | 6.53 |
| 2073 | 6.17 | 4.56 | 4.56 | 6.95 | 6.95 | 6.53 |
| 2074 | 6.18 | 4.55 | 4.55 | 6.97 | 6.97 | 6.53 |
| 2075 | 6.18 | 4.55 | 4.55 | 6.97 | 6.97 | 6.52 |
| 2076 | 6.19 | 4.54 | 4.54 | 6.98 | 6.98 | 6.52 |
| 2077 | 6.19 | 4.54 | 4.54 | 6.98 | 6.98 | 6.52 |
| 2078 | 6.19 | 4.53 | 4.53 | 6.98 | 6.98 | 6.51 |
| 2079 | 6.18 | 4.53 | 4.53 | 6.97 | 6.97 | 6.51 |
| 2080 | 6.17 | 4.52 | 4.52 | 6.96 | 6.96 | 6.50 |
| 2081 | 6.15 | 4.52 | 4.52 | 6.94 | 6.94 | 6.50 |
| 2082 | 6.13 | 4.51 | 4.51 | 6.92 | 6.92 | 6.50 |
| 2083 | 6.11 | 4.51 | 4.51 | 6.90 | 6.90 | 6.49 |
| 2084 | 6.09 | 4.50 | 4.50 | 6.88 | 6.88 | 6.48 |
| 2085 | 6.07 | 4.50 | 4.50 | 6.85 | 6.85 | 6.48 |
| 2086 | 6.04 | 4.49 | 4.49 | 6.82 | 6.82 | 6.47 |
| 2087 | 6.01 | 4.48 | 4.48 | 6.79 | 6.79 | 6.47 |
| 2088 | 5.99 | 4.48 | 4.48 | 6.76 | 6.76 | 6.46 |
| 2089 | 5.96 | 4.47 | 4.47 | 6.73 | 6.73 | 6.46 |
| 2090 | 5.93 | 4.47 | 4.47 | 6.70 | 6.70 | 6.45 |
| 2091 | 5.91 | 4.46 | 4.46 | 6.68 | 6.68 | 6.45 |
| 2092 | 5.90 | 4.46 | 4.46 | 6.66 | 6.66 | 6.45 |
| 2093 | 5.88 | 4.46 | 4.46 | 6.64 | 6.64 | 6.44 |
| 2094 | 5.87 | 4.45 | 4.45 | 6.63 | 6.63 | 6.44 |
| 2095 | 5.86 | 4.45 | 4.45 | 6.62 | 6.62 | 6.44 |
| 2096 | 5.86 | 4.45 | 4.45 | 6.62 | 6.62 | 6.44 |

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Note: Based on Intermediate Assumptions of the 2022 Trustees Report.

**Table 1d - Change in Long-Range Trust Fund Reserves / Unfunded Obligation (Present Value Dollars)**
***"Social Security Expansion Act", Introduced by Senator Sanders and Representative DeFazio***

| | *Billions of Present Value Dollars as of 1-1-2021* | | | | | |
|---|---|---|---|---|---|---|
| Year | Current Law OASDI Trust Fund Reserves / Unfunded Obligation Through End of Year (1) | Changes in OASDI Income (2) | Changes in OASDI Cost (3) | Basic Changes in OASDI Cash Flow (4) = (2)-(3) | Total Change Through End of Year (5) = cumulative sum(4) | Proposal OASDI Trust Fund Reserves / Unfunded Obligation Through End of Year (6) = (1)+(5) |
| 2022 | 2,742.4 | 0.0 | 0.0 | 0.0 | 0.0 | 2,742.4 |
| 2023 | 2,628.4 | 386.2 | 123.2 | 262.9 | 262.9 | 2,891.4 |
| 2024 | 2,490.8 | 412.8 | 127.3 | 285.6 | 548.5 | 3,039.3 |
| 2025 | 2,331.1 | 431.1 | 135.0 | 296.1 | 844.6 | 3,175.7 |
| 2026 | 2,156.8 | 448.5 | 143.0 | 305.5 | 1,150.1 | 3,306.9 |
| 2027 | 1,959.8 | 463.9 | 150.9 | 313.0 | 1,463.1 | 3,422.9 |
| 2028 | 1,741.2 | 475.8 | 158.5 | 317.3 | 1,780.4 | 3,521.6 |
| 2029 | 1,502.6 | 486.4 | 165.6 | 320.8 | 2,101.2 | 3,603.7 |
| 2030 | 1,244.3 | 496.1 | 172.1 | 323.9 | 2,425.1 | 3,669.4 |
| 2031 | 968.1 | 504.7 | 178.1 | 326.6 | 2,751.7 | 3,719.9 |
| 2032 | 675.8 | 516.4 | 183.0 | 333.4 | 3,085.1 | 3,761.0 |
| 2033 | 370.4 | 525.0 | 187.0 | 338.0 | 3,423.2 | 3,793.6 |
| 2034 | 54.8 | 533.1 | 190.0 | 343.1 | 3,766.2 | 3,821.0 |
| 2035 | -268.1 | 538.3 | 192.2 | 346.2 | 4,112.4 | 3,844.3 |
| 2036 | -595.9 | 536.8 | 193.6 | 343.2 | 4,455.6 | 3,859.7 |
| 2037 | -928.1 | 534.5 | 194.7 | 339.7 | 4,795.4 | 3,867.2 |
| 2038 | -1,263.3 | 532.1 | 195.5 | 336.6 | 5,132.0 | 3,868.7 |
| 2039 | -1,599.7 | 529.5 | 195.8 | 333.7 | 5,465.7 | 3,866.0 |
| 2040 | -1,935.8 | 526.8 | 195.9 | 331.0 | 5,796.6 | 3,860.9 |
| 2041 | -2,270.6 | 523.8 | 195.6 | 328.2 | 6,124.9 | 3,854.3 |
| 2042 | -2,604.5 | 520.9 | 195.4 | 325.4 | 6,450.3 | 3,845.7 |
| 2043 | -2,937.0 | 518.1 | 195.1 | 323.0 | 6,773.3 | 3,836.3 |
| 2044 | -3,268.1 | 515.2 | 194.6 | 320.6 | 7,093.8 | 3,825.7 |
| 2045 | -3,597.9 | 512.4 | 194.1 | 318.3 | 7,412.1 | 3,814.2 |
| 2046 | -3,926.3 | 509.6 | 193.5 | 316.1 | 7,728.2 | 3,801.9 |
| 2047 | -4,253.8 | 506.8 | 192.9 | 314.0 | 8,042.2 | 3,788.3 |
| 2048 | -4,580.7 | 504.3 | 192.2 | 312.1 | 8,354.3 | 3,773.6 |
| 2049 | -4,907.1 | 501.8 | 191.5 | 310.3 | 8,664.6 | 3,757.5 |
| 2050 | -5,233.6 | 499.3 | 190.8 | 308.5 | 8,973.0 | 3,739.5 |
| 2051 | -5,560.0 | 496.8 | 190.1 | 306.7 | 9,279.7 | 3,719.7 |
| 2052 | -5,886.6 | 494.3 | 189.3 | 305.0 | 9,584.7 | 3,698.1 |
| 2053 | -6,213.9 | 491.6 | 188.6 | 303.0 | 9,887.7 | 3,673.8 |
| 2054 | -6,542.1 | 489.0 | 187.9 | 301.1 | 10,188.8 | 3,646.7 |
| 2055 | -6,871.9 | 486.5 | 187.2 | 299.3 | 10,488.2 | 3,616.2 |
| 2056 | -7,203.5 | 484.0 | 186.5 | 297.5 | 10,785.6 | 3,582.2 |
| 2057 | -7,537.2 | 481.6 | 185.9 | 295.6 | 11,081.3 | 3,544.1 |
| 2058 | -7,873.3 | 479.2 | 185.3 | 293.8 | 11,375.1 | 3,501.8 |
| 2059 | -8,211.8 | 476.7 | 184.7 | 291.9 | 11,667.0 | 3,455.2 |
| 2060 | -8,552.6 | 474.2 | 184.1 | 290.0 | 11,957.1 | 3,404.5 |
| 2061 | -8,895.5 | 471.6 | 183.5 | 288.1 | 12,245.2 | 3,349.7 |
| 2062 | -9,240.2 | 469.0 | 182.9 | 286.1 | 12,531.3 | 3,291.1 |
| 2063 | -9,586.4 | 466.4 | 182.2 | 284.2 | 12,815.5 | 3,229.1 |
| 2064 | -9,933.9 | 463.8 | 181.5 | 282.3 | 13,097.8 | 3,163.9 |
| 2065 | -10,282.4 | 461.2 | 180.8 | 280.4 | 13,378.1 | 3,095.7 |
| 2066 | -10,632.1 | 458.5 | 180.1 | 278.5 | 13,656.6 | 3,024.5 |
| 2067 | -10,982.7 | 455.8 | 179.3 | 276.4 | 13,933.0 | 2,950.3 |
| 2068 | -11,334.5 | 453.0 | 178.6 | 274.4 | 14,207.4 | 2,872.9 |
| 2069 | -11,687.5 | 450.1 | 177.9 | 272.3 | 14,479.7 | 2,792.2 |
| 2070 | -12,041.8 | 447.3 | 177.1 | 270.2 | 14,749.8 | 2,708.0 |
| 2071 | -12,397.0 | 444.5 | 176.4 | 268.2 | 15,018.0 | 2,621.0 |
| 2072 | -12,753.1 | 441.7 | 175.6 | 266.1 | 15,284.1 | 2,531.0 |
| 2073 | -13,110.0 | 438.9 | 174.8 | 264.1 | 15,548.2 | 2,438.1 |
| 2074 | -13,467.4 | 436.1 | 174.0 | 262.1 | 15,810.3 | 2,342.8 |
| 2075 | -13,825.0 | 433.4 | 173.2 | 260.2 | 16,070.5 | 2,245.5 |
| 2076 | -14,181.9 | 430.7 | 172.3 | 258.4 | 16,328.9 | 2,147.0 |
| 2077 | -14,537.7 | 428.1 | 171.3 | 256.8 | 16,585.7 | 2,048.0 |
| 2078 | -14,891.3 | 425.5 | 170.2 | 255.3 | 16,841.0 | 1,949.7 |
| 2079 | -15,242.0 | 423.0 | 169.1 | 253.9 | 17,094.8 | 1,852.9 |
| 2080 | -15,589.0 | 420.5 | 167.9 | 252.6 | 17,347.5 | 1,758.4 |
| 2081 | -15,931.9 | 418.1 | 166.6 | 251.4 | 17,598.9 | 1,666.9 |
| 2082 | -16,270.3 | 415.7 | 165.3 | 250.4 | 17,849.2 | 1,579.0 |
| 2083 | -16,603.6 | 413.4 | 164.0 | 249.4 | 18,098.6 | 1,495.0 |
| 2084 | -16,931.7 | 411.1 | 162.6 | 248.5 | 18,347.1 | 1,415.5 |
| 2085 | -17,254.1 | 408.9 | 161.2 | 247.7 | 18,594.9 | 1,340.8 |
| 2086 | -17,570.5 | 406.8 | 159.8 | 247.0 | 18,841.8 | 1,271.3 |
| 2087 | -17,880.7 | 404.7 | 158.4 | 246.3 | 19,088.2 | 1,207.5 |
| 2088 | -18,184.7 | 402.6 | 156.9 | 245.7 | 19,333.8 | 1,149.1 |
| 2089 | -18,482.8 | 400.5 | 155.5 | 245.0 | 19,578.8 | 1,096.0 |
| 2090 | -18,775.3 | 398.4 | 154.1 | 244.3 | 19,823.1 | 1,047.8 |
| 2091 | -19,062.9 | 396.3 | 152.8 | 243.6 | 20,066.7 | 1,003.8 |
| 2092 | -19,346.2 | 394.2 | 151.5 | 242.7 | 20,309.4 | 963.3 |
| 2093 | -19,625.9 | 392.2 | 150.3 | 241.9 | 20,551.3 | 925.4 |
| 2094 | -19,902.6 | 390.1 | 149.2 | 240.9 | 20,792.2 | 889.7 |
| 2095 | -20,176.8 | 388.0 | 148.1 | 239.9 | 21,032.1 | 855.3 |
| 2096 | -20,449.2 | 385.9 | 147.1 | 238.8 | 21,270.9 | 821.7 |
| Total 2022-2096 | | 34,189.9 | 12,919.0 | 21,270.9 | | |

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Notes: Based on Intermediate Assumptions of the 2022 Trustees Report.
Ultimate Real Trust Fund Yield of 2.3%.

**Table 1d.n - Change in Long-Range Trust Fund Reserves / Unfunded Obligation (Nominal Dollars)**
***"Social Security Expansion Act", Introduced by Senator Sanders and Representative DeFazio***

| | *Billions of Nominal Dollars* | | | | | |
|---|---|---|---|---|---|---|
| Year | Current Law OASDI Trust Fund Reserves / Unfunded Obligation Through End of Year | Changes in OASDI Income | Changes in OASDI Cost | Basic Changes in OASDI Cash Flow | Total Change Through End of Year[1] | Proposal OASDI Trust Fund Reserves / Unfunded Obligation Through End of Year |
| | (1) | (2) | (3) | (4) = (2)-(3) | (5) | (6) = (1)+(5) |
| 2022 | 2,805.2 | 0.0 | 0.0 | 0.0 | 0.0 | 2,805.2 |
| 2023 | 2,747.0 | 402.2 | 127.4 | 274.8 | 274.8 | 3,021.8 |
| 2024 | 2,658.9 | 445.2 | 134.4 | 310.8 | 585.6 | 3,244.5 |
| 2025 | 2,543.1 | 481.8 | 145.7 | 336.1 | 921.7 | 3,464.8 |
| 2026 | 2,408.0 | 520.8 | 157.8 | 363.0 | 1,284.6 | 3,692.6 |
| 2027 | 2,243.4 | 561.7 | 170.6 | 391.1 | 1,675.8 | 3,919.2 |
| 2028 | 2,047.4 | 603.1 | 183.9 | 419.1 | 2,094.9 | 4,142.4 |
| 2029 | 1,818.6 | 647.3 | 197.6 | 449.7 | 2,544.6 | 4,363.2 |
| 2030 | 1,553.7 | 696.5 | 211.6 | 484.9 | 3,029.5 | 4,583.2 |
| 2031 | 1,250.8 | 751.7 | 226.2 | 525.6 | 3,555.1 | 4,805.8 |
| 2032 | 905.4 | 815.7 | 240.7 | 575.0 | 4,130.1 | 5,035.5 |

Notes: Based on Intermediate Assumptions of the 2022 Trustees Report.
Ultimate Real Trust Fund Yield of 2.3%.
[1] Includes the effect of accumulated interest income.

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