

107TH CONGRESS  
1ST SESSION

# S. 563

To amend the Social Security Act to require Social Security Administration publications to highlight critical information relating to the future financing shortfalls of the social security program, to require the Commissioner of Social Security to provide Congress with an annual report on the social security program, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

MARCH 19, 2001

Mr. SANTORUM (for himself and Mr. GREGG) introduced the following bill;  
which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Social Security Act to require Social Security Administration publications to highlight critical information relating to the future financing shortfalls of the social security program, to require the Commissioner of Social Security to provide Congress with an annual report on the social security program, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “The Social Security  
5       Reporting Information and Right to Know Act of 2001”.

1 **SEC. 2. FINDINGS.**

2 Congress makes the following findings:

3 (1) The Social Security Advisory Board, the  
4 Technical Panel on Assumptions and Methods of the  
5 Social Security Advisory Board (in this Act referred  
6 to as the “Panel”), and the Office of the Chief Actu-  
7 ary of the Social Security Administration should be  
8 commended for their professional, nonpartisan work  
9 to project the future financial operations of the so-  
10 cial security program established under title II of  
11 the Social Security Act.

12 (2) The Panel reported its recommendations in  
13 November 1999.

14 (3) The Panel recommended a series of changes  
15 to current projections of the financial operations of  
16 the social security program which would, if adopted,  
17 increase existing estimates of the program’s un-  
18 funded obligations.

19 (4) The Panel further recommended the use of  
20 standards of comparison that emphasize program  
21 sustainability, such as showing the program’s pro-  
22 jected annual income rates, cost rates, and balances  
23 with an emphasis that is equal to 75-year program  
24 solvency.

25 (5) The Panel further recommended that re-  
26 form proposals be evaluated using standards of com-

1       parison that include the proposal’s impact on the  
 2       Federal unified budget, as well as a recognition of  
 3       the funding shortfalls present under current law.

4           (6) The Panel made several other recommenda-  
 5       tions that are worthy of consideration, involving  
 6       issues that include workforce participation, poverty  
 7       rates among the elderly, and assumptions regarding  
 8       equity investment returns.

9           (7) Adoption of the Panel’s recommendations  
 10      would assist in developing a fiscally responsible re-  
 11      form solution that avoids passing hidden costs to fu-  
 12      ture taxpayers.

13   **SEC. 3. EXPANSION OF SOCIAL SECURITY ACCOUNT STATE-**  
 14                           **MENT.**

15      (a) IN GENERAL.—Section 1143(a)(2) of the Social  
 16      Security Act (42 U.S.C. 1320b–13(a)(2)) is amended by  
 17      striking “and” at the end of subparagraph (C), by striking  
 18      the period at the end of subparagraph (D) and inserting  
 19      a semicolon, and by adding at the end the following:

20           “(E) a statement providing information that—

21           “(i) while the old age, survivors, and dis-  
 22           ability insurance program currently collects  
 23           more in employer, employee, and self-employ-  
 24           ment contributions than such program pays out  
 25           in retirement, disability, survivor, and auxiliary

1           benefits each year, such program will begin to  
2           run cash flow deficits in 2015, thereafter neces-  
3           sitating the allocation of general tax revenues in  
4           order to finance promised benefits; and

5           “(ii) the trust funds for such program con-  
6           tain claims on future Government resources  
7           sufficient to cover the deficit through 2037, but  
8           after that date, the trust funds would collect  
9           sufficient revenues to pay 72 percent of bene-  
10          fits; and

11          “(F) a statement explaining the nature of the  
12          Federal old age, survivors, and disability insurance  
13          trust funds, including the following: ‘Social Security  
14          Trust Fund balances are available to finance future  
15          benefit payments and other Trust Fund responsibil-  
16          ities only in a bookkeeping sense. They do not con-  
17          sist of real economic assets that can be drawn down  
18          in the future to fund benefits. Instead, such balances  
19          are claims on the United States Treasury that, when  
20          redeemed, will have to be financed by raising taxes,  
21          borrowing from the public, or reducing benefits or  
22          other expenditures. The existence of large Social Se-  
23          curity Trust Fund balances, therefore, does not, by  
24          itself, have any impact on the Federal Government’s  
25          ability to pay benefits.’.

1 For purposes of subparagraph (E), the dates and percent-  
 2 ages described in such subparagraph shall be adjusted an-  
 3 nually based on the Alternative II (Intermediate) findings  
 4 of the Office of the Chief Actuary contained in the most  
 5 recent report of the Board of Trustees.”.

6 (b) EFFECTIVE DATE.—The amendments made by  
 7 subsection (a) shall apply with respect to statements pro-  
 8 vided after the date of enactment of this Act.

9 **SEC. 4. EXPANSION OF ANNUAL REPORT OF THE TRUSTEES**  
 10 **OF THE SOCIAL SECURITY TRUST FUNDS.**

11 (a) IN GENERAL.—Section 201(c) of the Social Secu-  
 12 rity Act (42 U.S.C. 401(c)) is amended by inserting before  
 13 the penultimate sentence the following: “Based on the Al-  
 14 ternative II (Intermediate) findings of the Office of the  
 15 Chief Actuary, such report, including the report’s sum-  
 16 mary and any items that accompany the release of such  
 17 report, shall include in a clear and simple manner the in-  
 18 formation described in subsection (n)(1).”.

19 (b) ADDITIONAL CONTENTS OF REPORT.—Section  
 20 201 of the Social Security Act (42 U.S.C. 401) is amended  
 21 by adding at the end the following:

22 “(n)(1) For purposes of subsection (c), the informa-  
 23 tion described in this subsection is the following:

24 “(A) An estimate of the year in which an-  
 25 nual outlays from the Trust Funds is first pro-

1           jected, using the Trustees' intermediate esti-  
2           mates, to exceed the annual cash income of the  
3           Trust Funds. For purposes of this paragraph,  
4           annual cash income of the Trust Funds shall be  
5           determined by including payroll and benefit tax  
6           revenues, but not intragovernmental transfers  
7           or interest income.

8           “(B) The annual excess of such projected  
9           annual outlays from the Trust Funds over the  
10          annual cash income of the Trust Funds in each  
11          year, beginning with the first year identified in  
12          subparagraph (A) and extending through the  
13          year of projected program insolvency.

14          “(C) The aggregate amount of the annual  
15          excesses identified in subparagraph (B) for the  
16          75-year projection period included in the report  
17          and the change in such amount from the pre-  
18          vious year's report.

19          “(D) The amount of deficit or surplus that  
20          the old-age, survivor, and disability insurance  
21          program will run in the last year in the 75-year  
22          projection period included in the report and the  
23          aggregate assets and unfunded obligations con-  
24          tained in the Trust Funds in that final pro-  
25          jected year.

“(E) The amount that payroll taxes would have to be raised or benefits be reduced (both in percentage terms) in order to keep the old-age, survivor, and disability insurance program in annual financial balance after any cumulative balances in the Trust Funds are exhausted. For purposes of the preceding sentence, such program shall be considered to be in annual financial balance when the annual cash income of the Trust Funds and annual outlays from the Trust Funds are approximately equal for each year throughout the 75-year projection period included in the report.

“(F) How the annual amounts identified in subparagraph (B) would change if either raising payroll taxes or reducing benefits to keep the program in financial balance is delayed for 5, 10, 25, and 50 years.

“(G) A provision explaining the nature of the Trust Funds, including the following statement: ‘Social Security Trust Fund balances are available to finance future benefit payments and other Trust Fund responsibilities only in a bookkeeping sense. They do not consist of real economic assets that can be drawn down in the

future to fund benefits. Instead, such balances are claims on the United States Treasury that, when redeemed, will have to be financed by raising taxes, borrowing from the public, or reducing benefits or other expenditures. The existence of large Social Security Trust Fund balances, therefore, does not, by itself, have any impact on the Federal Government's ability to pay benefits.'.

“(2) The information described in subparagraphs (B), (C), and (D) of paragraph (1) shall be presented in terms of nominal dollars, inflation-adjusted dollars, and present discounted value in the report under subsection (c)(2), and in terms of inflation-adjusted dollars in the summary of such report.

“(3) The Board of Trustees shall publish the economic model and all relevant data that are used to make the financial projections included in the report under subsection (c)(2) and to make it available on the Social Security Administration Internet web site. Annually, the Board of Trustees shall also include in such report any changes made to the model and data in the preceding 12 months.

“(4) The information described in paragraph (1) shall also be included in a separate report to



1 Congress to be submitted not later than the first day  
 2 of April of each year (beginning with 2002).”.

3 (c) EFFECTIVE DATE.—The amendments made by  
 4 this section shall apply with respect to reports made after  
 5 the date of enactment of this Act.

6 **SEC. 5. ANNUAL REPORT FROM THE COMMISSIONER OF SO-**  
 7 **CIAL SECURITY.**

8 (a) IN GENERAL.—Section 704 of the Social Security  
 9 Act (42 U.S.C. 904) is amended by adding at the end the  
 10 following:

11 “Annual Report to Congress

12 “(f) The Commissioner, in conjunction with the Sec-  
 13 retary, the Secretary of the Treasury, and the Director  
 14 of the Office of Management and Budget, shall submit an  
 15 annual report to Congress that includes the following:

16 “(1) Projections of the old-age, survivors, and  
 17 disability insurance program’s (in this subsection re-  
 18 ferred to as the ‘program’) annual income rates, cost  
 19 rates, and annual balances throughout the 75-year  
 20 valuation window used by the Board of Trustees of  
 21 the Federal Old-Age and Survivors Insurance Trust  
 22 Fund and the Federal Disability Insurance Trust  
 23 Fund (in this subsection referred to as the ‘Board  
 24 of Trustees’).

1           “(2) A clear and explicit presentation of the  
2           program’s financing shortfalls, expressed as the ex-  
3           cess in dollars of program outlays over revenues, in  
4           years that the sum of payroll tax revenues and reve-  
5           nues resulting from taxes imposed on benefits pro-  
6           vided under the program are projected by the Board  
7           of Trustees to be less than program outlays.

8           “(3) A presentation of benefit levels under the  
9           program and tax rates throughout the long-range  
10          valuation period used by the Board of Trustees that  
11          reflects the extent to which benefits would need to  
12          be reduced to be funded under currently projected  
13          program revenues, and the percentage that taxes  
14          would need to be increased in order to fund prom-  
15          ised benefits.

16          “(4) An evaluation of the effects upon national  
17          savings levels and on the fiscal operations of the  
18          Federal Government of enacted provisions of law re-  
19          lating to the program.

20          “(5) Estimates of average lifetime values of  
21          benefits for different age, income, and gender co-  
22          horts, respectively, for recipients of benefits under  
23          the program, that are consistent with the estimates  
24          of the Board of Trustees of the percentage of bene-

1 fits that can be funded under such enacted provi-  
2 sions of law.”.

3 (b) **EFFECTIVE DATE.**—The amendment made by  
4 subsection (a) shall apply with respect to reports made  
5 for calendar years beginning after the date of enactment  
6 of this Act.

7 **SEC. 6. SENSE OF CONGRESS REGARDING SOCIAL SECU-**  
8 **RITY REFORM LEGISLATION.**

9 It is the sense of Congress that Congress and the  
10 President should not miss a critical opportunity to enact  
11 comprehensive bipartisan social security reform legislation  
12 that meets the standard of 75-year actuarial solvency and  
13 also addresses the following issues:

14 (1) The permanent sustainability of the social  
15 security program.

16 (2) The long-term impact of reform upon the  
17 fiscal operations of the Federal Government as a  
18 whole.

19 (3) The need for a clear and explicit presen-  
20 tation of the anticipated reduction in the social secu-  
21 rity program’s unfunded obligations.

22 (4) Ensured continued solvency under alter-  
23 native assumptions regarding mortality, fertility,  
24 rates of return, and other appropriate economic and  
25 demographic assumptions.

1           (5) The total amount of retirement income pro-  
 2       vided under proposed reform in comparison to a  
 3       standard that explicitly recognizes the benefit reduc-  
 4       tions or tax increases that enacted provisions of law  
 5       relating to the social security program would re-  
 6       quire, according to the estimates in the most recent  
 7       report of the Board of Trustees of the Federal Old-  
 8       Age and Survivors Insurance Trust Fund and the  
 9       Federal Disability Insurance Trust Fund.

10          (6) The long-term impact of the current projec-  
 11       tions of insolvency and of alternative reform pro-  
 12       posals upon workforce participation, poverty among  
 13       the elderly, national savings levels, and other issues  
 14       identified by the Panel.

15 **SEC. 7. SENSE OF CONGRESS REGARDING IMPLEMENTA-**  
 16 **TION OF RECOMMENDATIONS.**

17       It is the sense of Congress that the recommendations  
 18       of the Panel should be implemented to the extent deemed  
 19       reasonable by the Board of Trustees of the Federal Old-  
 20       Age and Survivors Insurance Trust Fund and the Federal  
 21       Disability Insurance Trust Fund, in consultation with the  
 22       agencies and offices that have research, estimating, and  
 23       reporting responsibilities pertinent to the social security  
 24       program.

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