

C. Strategic Goal: To achieve sustainable solvency and ensure Social Security programs meet the needs of current and future generations

Scope: This goal addresses the Agency's responsibility to continually assess the retirement and disability programs in the context of societal trends and support reforms to ensure the programs meet the needs of today's and tomorrow's beneficiaries.

Environmental Factors:

In the 2003 annual report of the Social Security's Board of Trustees, which includes 75-year projections, the Trustees state that Social Security is unsustainable over the long term at present payroll tax and scheduled benefit levels. Additionally, the Comptroller General of the United States has repeatedly testified that Social Security is unsustainable over the long term.

Today, about 3.3 people pay into Social Security for every person receiving benefits. By 2030, this ratio is expected to decline to about 2.2 to 1. Social Security now collects more in taxes than it pays out in benefits. According to the 2003 Trustees Report, Social Security will begin paying more in benefits than it collects in 2018. By 2042, the trust funds will be exhausted and the payroll taxes will be insufficient to pay the benefits owed. If no action is taken, payroll taxes will have to be increased, the benefits of today's younger workers will have to be cut, or massive transfers from general revenues will be required.

President Bush established a bipartisan Commission in May 2001 to address the long-term future of Social Security and directed that recommendations include individually-controlled, voluntary retirement accounts to augment Social Security benefits. The Commission proposed three alternatives, which all included personal savings accounts, as a way to increase investment returns and ensure Social Security programs meet the needs of current and future generations. The Commission also called for a period of debate and discussion to engage the public before Congress and the Administration take action.

New patterns of work and earnings, marriage, divorce and childbearing are changing the characteristics of American families. Americans are living longer and healthier lives. Seventy-nine million baby boomers are approaching retirement, and, in about 30 years, there will be nearly twice as many older Americans as there are today. The birth rate is below the population replacement rate of 2.1 births per woman. The Americans with Disabilities Act and medical and technological advances are altering the concept of disability. This and other related concerns led GAO to add modernizing all federal disability programs to its high-risk list. Social Security programs must respond to these developments.

Our strategic objective for this goal is:

C.1. Strategic Objective: Through education and research efforts, support reforms to ensure sustainable solvency and more responsive retirement and disability programs

Outcome Measure: Provide support to the Administration and Congress in developing legislative proposals to achieve sustainable solvency for Social Security and implementing reform legislation

FY 2003 and FY 2004 Goal
Conduct analysis and make recommendations to the Administration and Congress on key issues related to implementing Social Security reforms and the administration of personal Social Security retirement accounts

Outcome Measure: Percent of adult Americans knowledgeable about Social Security programs and related issues, including long-range financing

FY	Goal
2003	Develop a baseline
2004	TBD

Data Definition: This is the percent of Americans (adults age 18 and over) determined as “knowledgeable” in the Public Understanding Measurement System (PUMS) Survey

Data Source: Revised PUMS survey

Means and Strategies for Achieving Sustainable Solvency:

Activities to Support Achieving Social Security Solvency: As indicated by our performance goals above, SSA is strengthening its capacity to respond to decisionmakers’ questions about the fiscal, distributional and administrative effects of proposals to reform the Social Security and SSI programs. Our actuaries will continue to provide analysis of proposals that may be considered by Congress. The retirement income models we are developing, which project the impact of proposed program changes on beneficiaries, form a foundation on which various policy scenarios can be analyzed in both the near-term and long-term to support the reform efforts of the Administration and the Congress.

The research budget we propose for FY 2004 is for \$30 million in general funds appropriated under Section 1110 of the *Social Security Act*, which authorizes research and demonstration projects. This funding and trust-fund financed demonstration projects allow us to:

- Strengthen the capacity to analyze proposals for Social Security reform;
- Promote research in critical disability policy areas;
- Conduct sound evaluations of important Agency initiatives; and
- Maintain and improve the basic data about our programs and their beneficiaries.

Activities to Educate the Public: Through SSA’s ongoing communications program, we will continue to educate the public about financing challenges facing the Social Security programs. SSA’s Regional Communications Directors, public affairs specialists, and managers throughout the country will communicate with the public about the solvency issue. We have revised the *Social Security Statement* and are in the process of updating informational publications to include information about the financing structure of the programs and why Social Security needs to be strengthened.