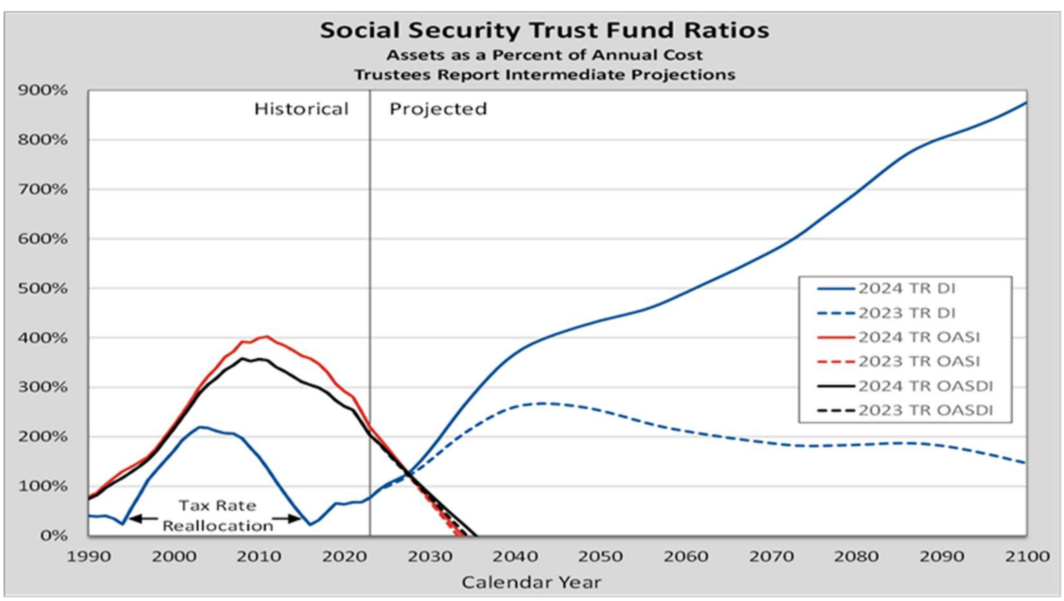
Social Security: Examining Solvency and Impacts to the Federal Budget
Testimony by Stephen C. Goss, Chief Actuary, Social Security Administration
House Budget Committee
June 13, 2024

Chairman Arrington, Ranking Member Boyle, and members of the committee, thank you for the opportunity to talk with you today about the financial status of the Social Security Trust Funds, or "solvency," and implications for the Federal budget and debt.

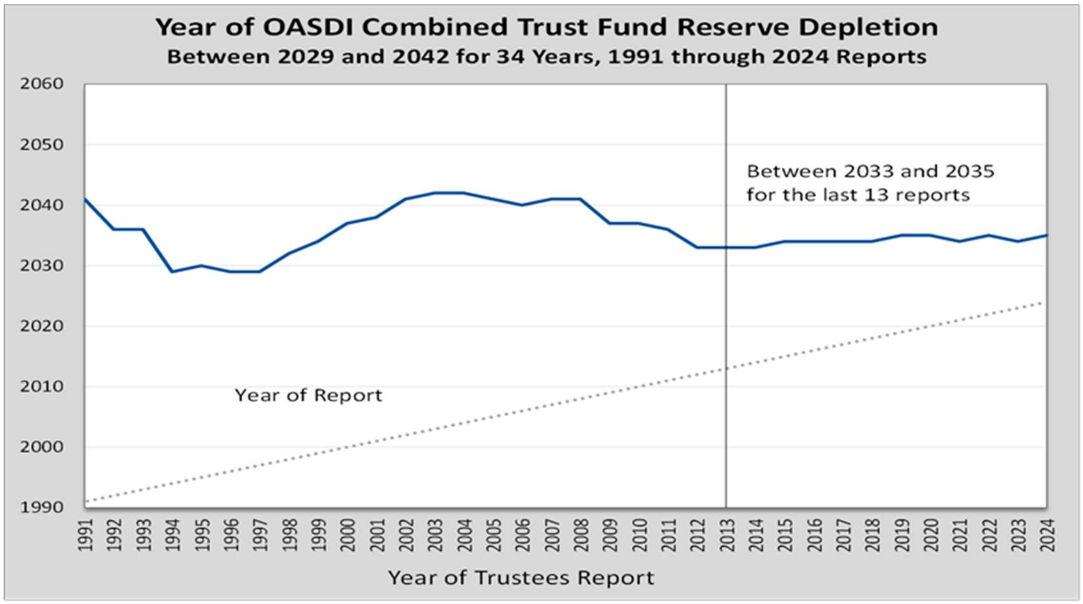
Social Security started paying monthly benefits to qualifying retired workers and their family members and survivors in 1940. Benefits for disabled workers and their families started in 1957. Over the 85 years through 2024, all scheduled benefits have been paid in full. In December 2023, nearly 67 million people received benefits from the OASDI program. Social Security provides this fundamental insurance against loss of earned income due to old-age, disability, and death for nearly all current and past workers and their families.

Trust Fund Reserve Depletion Is Incrementally Improved, But Action Is Needed Soon

At the start of 2024, reserves in the combined OASI and DI Trust Funds total $2.8 trillion, nearly double the amount of annual benefit payments. However, under the intermediate assumptions of the 2024 Trustees Report, revenues to the combined OASI and DI Trust Funds are projected to be less than program cost in 2024 and in future years, so that combined OASI and DI reserves would become depleted in June 2035, 13 months later than in last year's report, at which time 83 percent of scheduled benefits would still be payable. The OASI Trust Fund alone is projected to deplete reserves in November 2033, 7 months later than in last year's report, with 79 percent of scheduled benefits then payable. The DI Trust Fund alone is projected to be fully financed and able to pay all scheduled benefits through 2100 and beyond.



The assessment of the actuarial status of the combined OASI and DI Trust Funds provided in the annual Trustees Reports since 1941 tells us by when, and to what degree, changes in scheduled revenue and/or scheduled benefits will be needed. The Trustees' assessment has been remarkably consistent and stable over past decades. The year of projected combined OASI and DI Trust Fund reserve depletion has been in the range of 2029 to 2042 in the last 34 annual reports, and in the range of 2033 to 2035 in the last 13 reports.

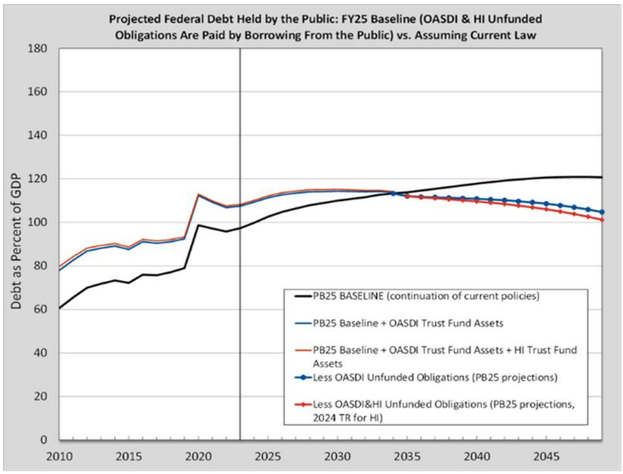


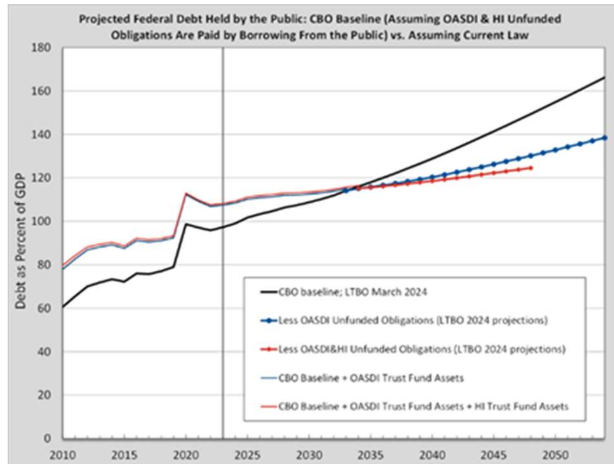
Impact on the Federal Budget and Debt

Social Security is "off Budget," and its operations are accounted for in the context of the trust funds, which are separate legal entities from the General Fund of the Treasury. The only sources of revenue for the OASI and DI Trust Funds are the dedicated taxes paid by covered workers and beneficiaries, which are invested daily in Treasury securities, plus interest on those securities. Future scheduled benefits are not *promises* or liabilities, and they can only be paid to the extent that there are asset reserves in the trust funds, as Social Security has no borrowing authority. Should reserves become depleted at any point, benefit payments would be limited to the amount of the continuing tax receipts. In this case, the trust funds would not "run out of money," but they would need to pay less than the full amount of scheduled benefits. It is for this reason that the Congress has always acted timely to avoid trust fund reserve depletion over the 85 years, 1940 through 2024.

The total federal debt subject to limit is the result of borrowing required by the General Fund of the Treasury to finance federal expenditures from the General Fund in excess of collected revenues other than those dedicated to the trust funds. The current level of total Federal debt subject to limit is near $35 trillion. In contrast, Social Security can only hold positive trust fund reserves, $2.8 trillion at the beginning of 2024, which are invested in, or loaned to, the General Fund on behalf of future beneficiaries (i.e., the public), and thus lessen the amount the Treasury would otherwise have borrowed *directly* from the public. Redemption of trust fund reserves to pay benefits has no effect on total Federal debt. It just replaces debt owed to future Social Security beneficiaries with debt owed *directly* to the public. In addition, if trust fund reserves were allowed to become depleted, current law would not allow transfers from the General Fund, thus increasing publicly held debt, in order to fully pay scheduled benefits.

It should be noted that when projecting federal debt, the President's Budget and CBO make an assumption that current law will be changed in the future, requiring the General Fund to borrow sufficient amounts from the public to cover any shortfall for OASI, DI, and Medicare HI after trust fund reserve depletion. The graphs below show recent projections of publicly held debt as a percent of GDP with this unprecedented assumed change in law, in the solid black lines. The red lines after 2035 show the debt levels that would actually occur under current law and policy.





The indicated basis for this "budget scoring convention" that presumes benefits will be fully paid after reserve depletion is the following language in Section 257(b)(1) of the Balanced Budget and Emergency Deficit Control Act of 1985, P.L. 99-177:

> "Laws providing or creating direct spending and receipts are assumed to operate in the manner specified in those laws for each such year and funding for entitlement authority is assumed to be adequate to make all payments required by those laws."

The problem with this interpretation is that under current law, full scheduled benefit payments are not required after trust fund reserve depletion. In fact, they are not even allowed.

In addition, the red lines for years before 2035 indicate the level of debt owed both directly to the public and that owed ultimately to the public as trust fund reserves. We see that total debt owed to the public (including trust fund reserves) is currently 110 percent of GDP, but will under current law be 100 percent of GDP according to the President's Budget, or 125 percent of GDP according to CBO, by 2050.

<u>What Is New in the 2024 Social Security Trustees Report? Three Primary Changes</u>

There are three primary changes in the 2024 Trustees Report that affect the actuarial status of the OASI and DI Trust Funds:

1. Economic: Given the unanticipated strength of the economy through 2023, the Trustees increased the level of labor productivity and the employment rate over the entire 75-year projection period. This offsets the 3-percent permanent drop in the level of labor productivity and GDP that was assumed in last year's report.

2. Disability: The assumed ultimate disabled worker incidence rate was lowered from 4.8 to 4.5 per thousand, as applications for and awards of disability benefits have continued at historically low levels.

3. Demographic: The assumed ultimate total fertility rate (TFR) was lowered from 2.0 children per woman reached in 2056 to 1.9 children per woman reached in 2040, given continued low level of the TFR in recent years.

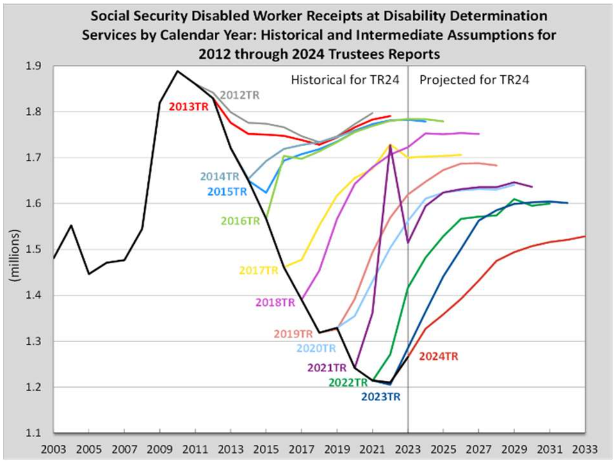
The net effect of these changes is a reduction in the OASDI 75-year actuarial deficit from 3.61 percent of taxable payroll in last year's report to 3.50 percent in the 2024 report. In the absence of these changes and other updates, the actuarial deficit would have risen to 3.67 percent of taxable payroll just due to the change in the valuation period.

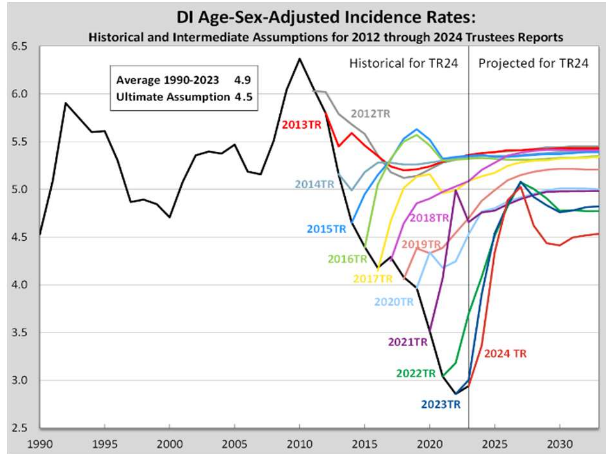
The economic slowdown that was widely expected for 2023 in late 2022 did not materialize, and growth through 2023 was strong. In addition, the Bureau of Economic Analysis (BEA) in the Department of Commerce revised the level of real GDP upward for 2019 through 2022 based on the latest data. The intermediate assumptions for the 2024 report assume real GDP will be 3 percent above the level projected for last year's report by 2029, with the growth rate in GDP thereafter the same as assumed in last year's report. The further good news is that reported growth in GDP since the assumptions for the 2024 report were set in December 2023 has been stronger than expected for late 2023 and so far in 2024.

The change in the assumed levels of GDP, labor productivity, and employment explains why the projected OASI and OASDI combined Trust Fund reserve depletion years are now later than in last year's report. It also reduced the OASDI actuarial deficit by 0.13 percent of payroll.

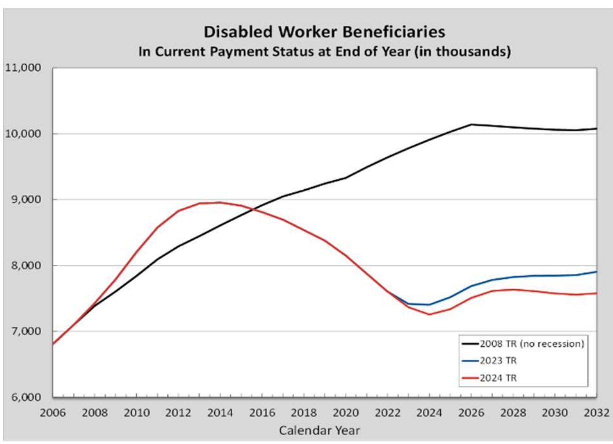
The second primary change for the 2024 report is a further incremental change in the ultimate disabled worker incidence rate from the level of 4.8 new awarded beneficiaries per thousand "exposed" workers (those who are insured and not receiving benefits) to a level of 4.5 per thousand for the 2024 report. This change is the most recent in a series of reductions over the last several years reflecting the continued decline in disability applications, awards, and beneficiaries since 2010. (See further explanation below.) This reduced level of disability has not only reduced program benefit cost, but it also contributes to higher employment rates, thus reducing the OASDI actuarial deficit by 0.12 percent of taxable payroll.

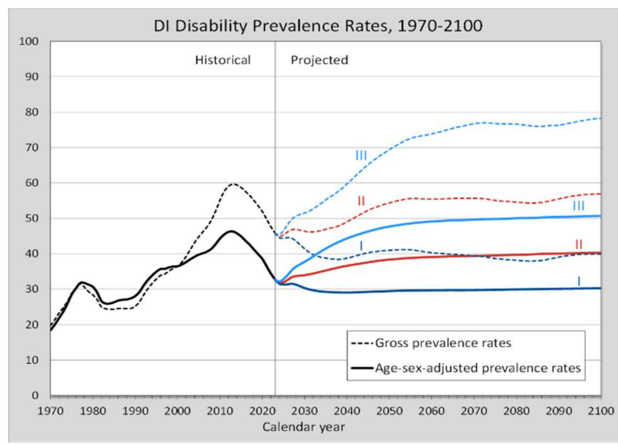
Applications for disability benefits and incidence rates have been declining steadily since 2010 and have continued to be below our prior projections. We and the Trustees continue to assess the reasons for these declines and the likelihood that rates will rise to levels not seen since the period immediately after the 2007-09 recession.





The total number of beneficiaries paid from the DI Trust Fund has now been falling since 2013. As a result, the disability prevalence rate (recipients in current payment status as a percent of the insured population) has also dropped to levels not seen for 20 years. Only with the assumed return of disability incidence rates back to much higher levels will the prevalence rate rise to the level seen before the 2007-09 recession.



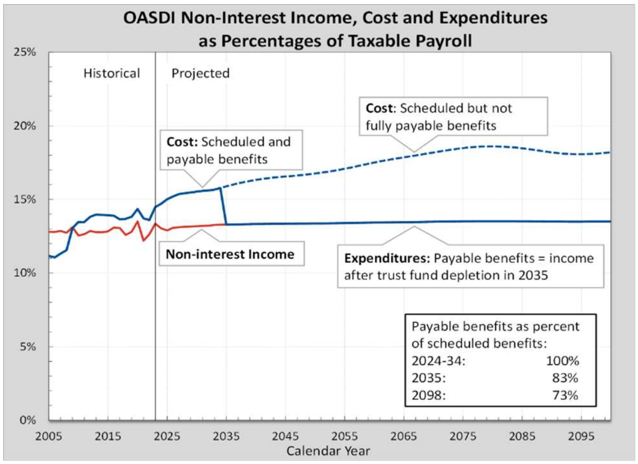


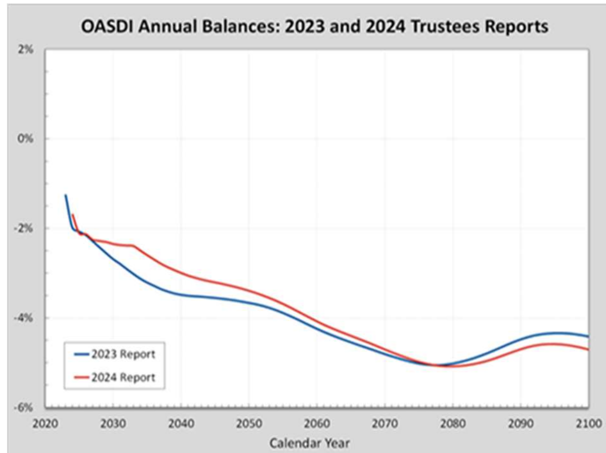
Many factors have played a role in the lower disability incidence rates and prevalence rates. Among these are the changing nature of work and the increasing accommodation of workers with some limitations, given the changing age distribution of the adult population.

The third primary change the 2024 report is a reduction in the ultimate total fertility rate (TFR) from 2.0 children per woman over her lifetime reached in 2056 in the 2023 report to an ultimate level of 1.9 children per woman reached in 2040 for the 2024 report. The history of the TFR shows a level averaging more than 2.5 births through 1965. For the period 1966 through 2008, the TFR was at an average level of 2.0. Since 2008, however, the TFR has declined below 2.0, as it did between 1975 and 1990. The most recent birth expectations survey from CDC indicates that women still expect to average 2 children over their lifetime. But due to the persistence of the historically low level since 2008, the Trustees have assumed an incremental reduction in ultimate TFR for the 2024 report, which increased the OASDI actuarial deficit by 0.13 percent of taxable payroll.

Actuarial Status in the 2024 Social Security Trustees Report

The cost of providing scheduled benefits under current law has been rising as a percent of taxable payroll (all covered earnings below the annual taxable maximum amount) since 2008, and it will continue to rise through 2030, with a slower rise thereafter through about 2080.

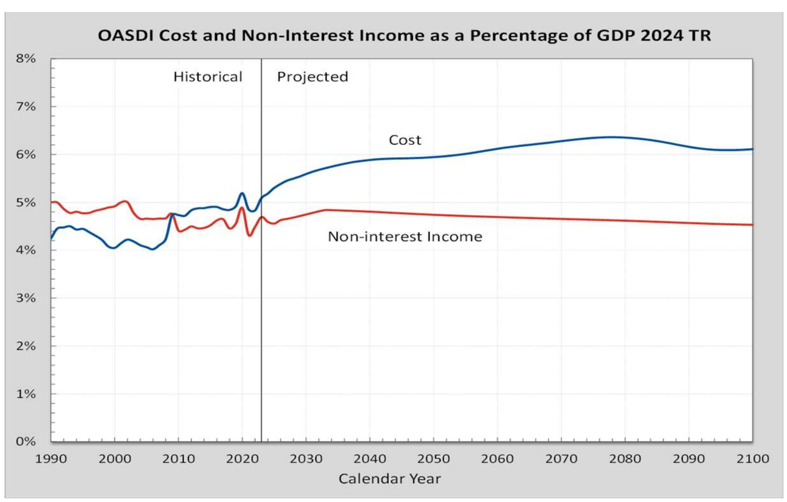




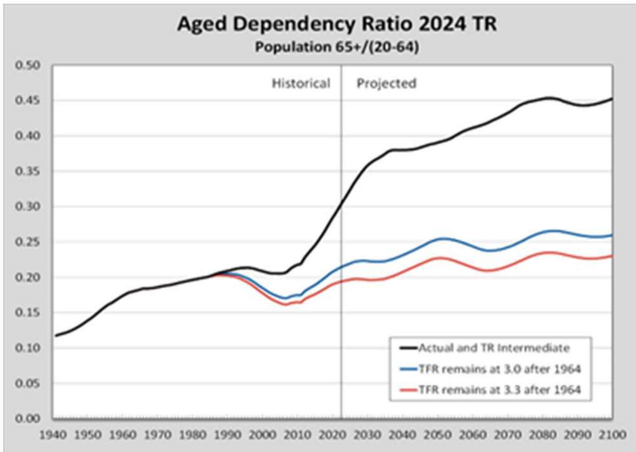
The projected OASDI annual balance (the difference between the income rate and the cost rate) has been improved significantly through 2045, due to the changes in the economic outlook and disability assumptions for the 2024 report. However, by 2077, this positive effect is offset and then reversed due to the lower assumed TFR for the 2024 report. The net effect is a more gradual increase in the OASDI cost rate in the 2024 report.

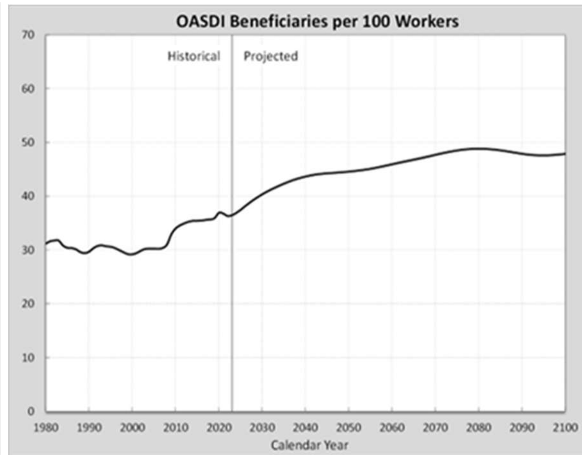
The financial shortfall over the next 75 years as a whole for the OASDI program, or unfunded obligation, amounts to $22.6 trillion in present value. However, this shortfall must be met with changes over this period of 75 years as a whole, and thus represents 3.32 percent of taxable payroll and 1.2 percent of GDP over the entire period.

Similar to the trend in the OASDI program cost as percent of taxable payroll is the trend in cost as a percent of GDP. Cost rises to a relatively stable level of GDP due to the changing age distribution of the population.

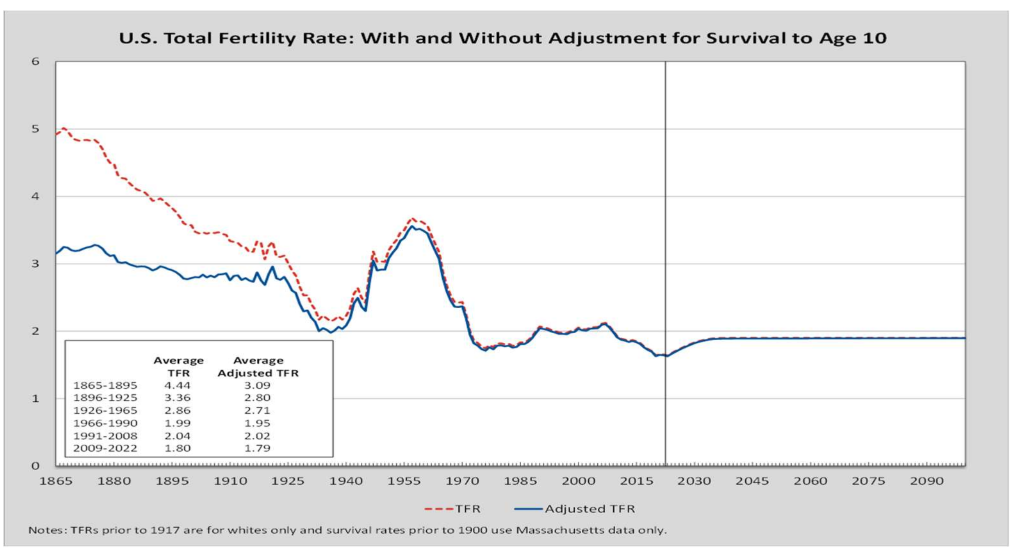


There are two primary reasons for this fundamental rise in cost as a percent of payroll and GDP. First, the age distribution of the adult population has been changing substantially, due largely to reduced birth rates that were well-recognized in 1983. This change in age distribution is also increasing the ratio of OASDI beneficiaries to workers. Had birth rates remained at levels seen before 1965, the increases in cost relative to payroll and GDP would have been much less.



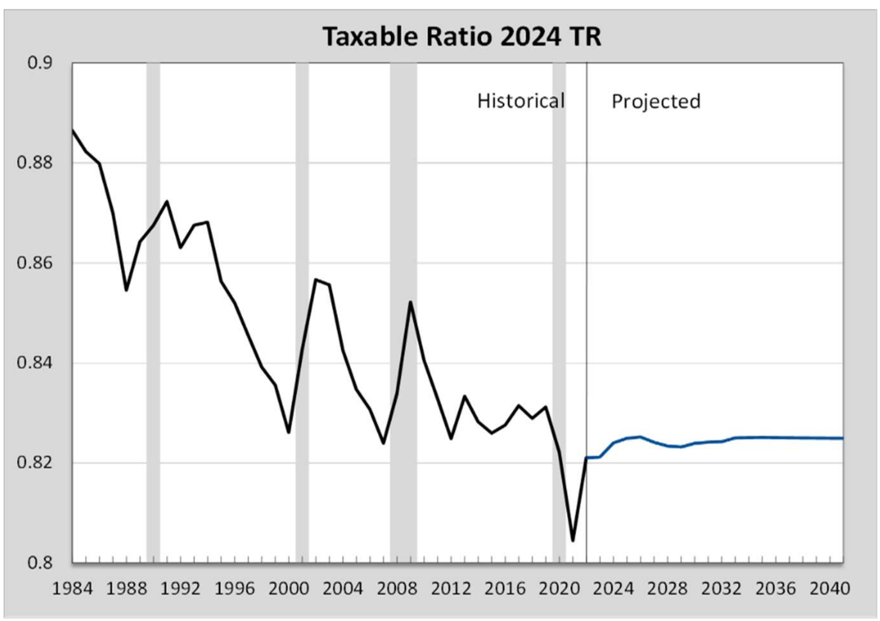


Social Security is financed primarily from payroll taxes paid by current workers, which pay benefits for current beneficiaries. Because of the drop in birth rates from 3.3 children per woman in the baby boom period (1946 through 1965) to about to 2 children per woman for 1966 through 2008, the ratio of adults over age 65 to those at "working ages" (between 20 and 64) will rise through about 2040, increasing OASDI cost as a percent of both taxable payroll and as a percent of GDP. Further reduction to just 1.8 children per woman for 2009 through 2022 would make the effects of the changing age distribution even more challenging if such low birth rates persist.

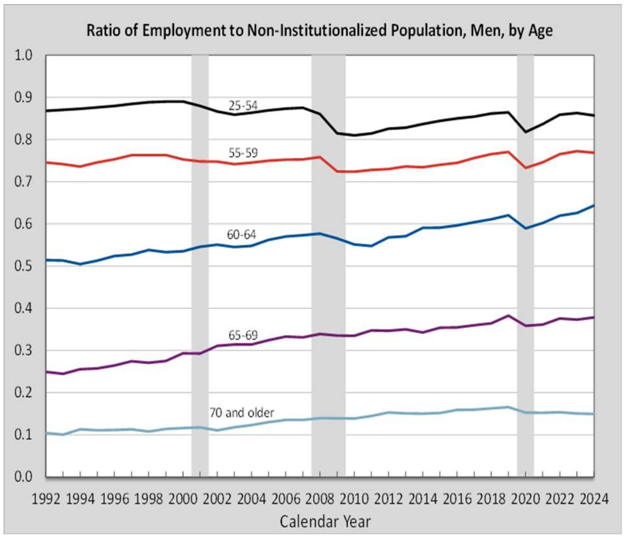


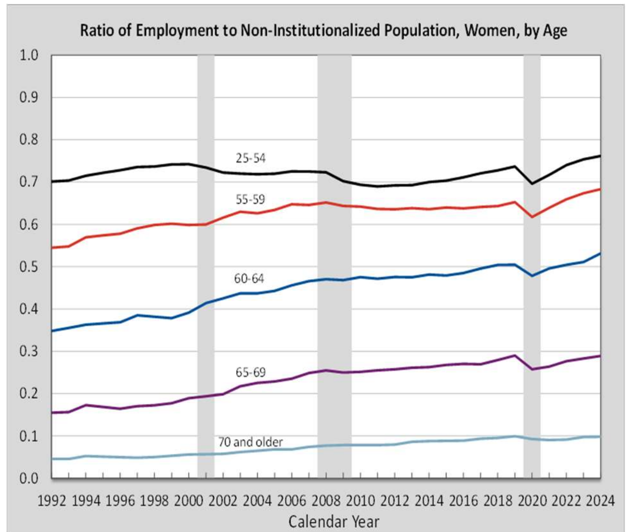
While the most recent surveys of birth expectations still suggest a level closer to 2.0 is plausible for the future, the Trustees have made an incremental change in the ultimate assumed total fertility rate to 1.9 this year, as was assumed prior to the rise back to 2.0 in 1990. The question we now face is whether recent very low birth rates are due to delay in births to higher ages as in the 1980's, temporary concerns that have reduced marriages and births, or a more fundamental and permanent reduction in births. Even if birth rates remain low in the future, the negative effects on the age distribution may be mitigated by increased immigration in the future.

The other reason for increase in cost as percent of taxable payroll since 1983 is that the percent of total covered earnings that is below the taxable maximum amount declined from about 90 percent in 1983 to about 82.5 percent in 2000. This change was not anticipated in 1983. In 1983, the taxable maximum was scheduled to rise in the future with the average wage, with this indexing expected to maintain the taxable ratio at 90 percent. However, wage levels rose much faster than average for high earners. Between 1983 and 2000, average earnings for the top 6 percent of earners rose by 62 percent more than price inflation, while average earnings for the other 94 percent of earners rose by only 17 percent more than price inflation. Since 2000, the ratio has stayed at about 82.5 percent, except for temporary spikes during economic recessions. As a result of this increased dispersion in wage levels, Social Security payroll tax income is about 8 percent less than it would have been if the taxable ratio had remained at 90 percent. Thus, while OASDI annual cost as a percent of GDP is now about 5 percent lower than projected in 1983, and will be through 2035, OASDI cost as percent of "taxable payroll" is now about 5 percent higher than expected in 1983 and will be through 2035. This change, along with the effects of the deep recession of 2007-09 and slow recovery, are primarily responsible for moving the expected year of OASDI Trust Fund reserve depletion from 2063 in the 1983 Trustees Report to 2035 currently.

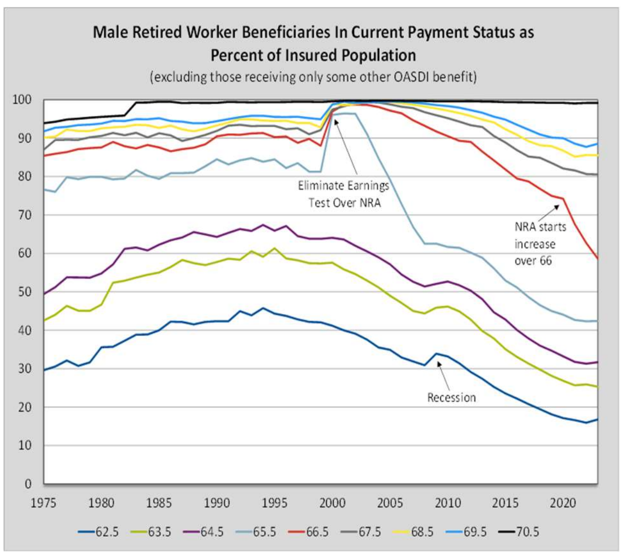


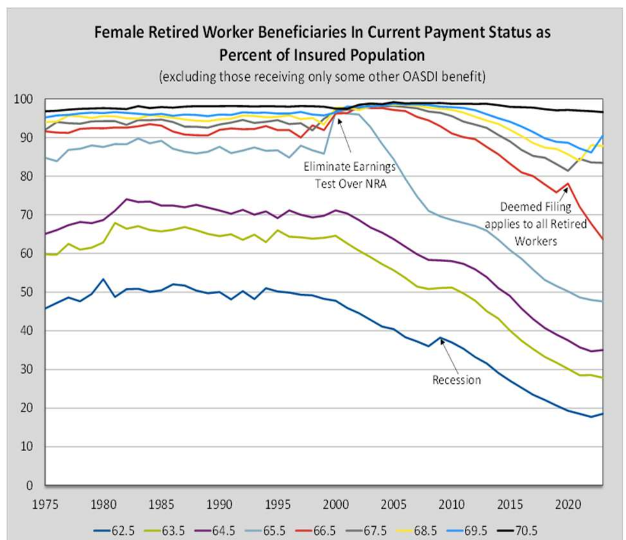
Additional evidence of the effect of the changing age distribution is the increased employment of those over age 60 since 1990. Reduced numbers of young persons entering the labor force has resulted in higher retention of older workers and increased accommodation by employers for workers with limitations that might have precluded employment in the past.



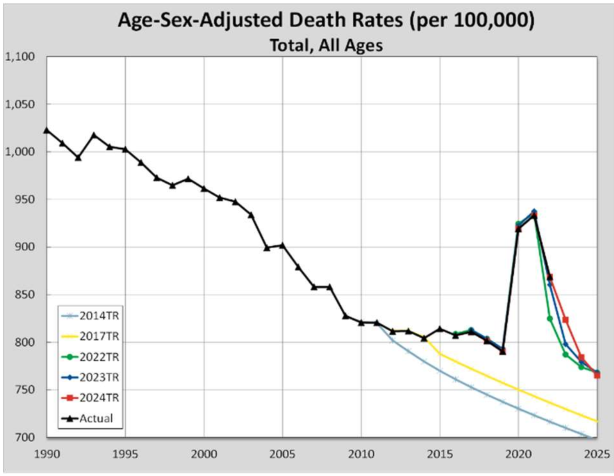


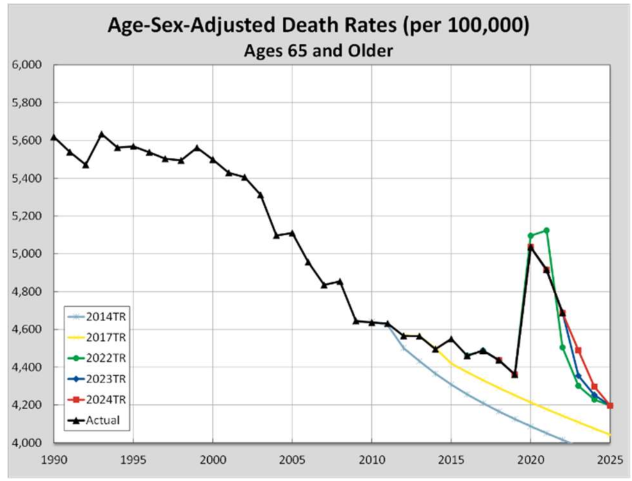
With the changing age distribution and demand for workers, age at retirement continues to rise, with a declining share of insured workers starting retirement benefits early.





Mortality is also an important factor in the cost of the Social Security program. Declines in death rates slowed considerably after 2009, and as a result, life expectancy at age 65 reached the level projected in the 1983 Trustees Report for 2015, and not the higher level expected more recently.





Conclusion

Based on the experience of the past year and the intermediate assumptions of the 2024 Trustees Report, there are four main points I would like to make.

- First, the reserve depletion date for OASI Trust Fund is projected for November 2033, 7 months later than in last year's report, due largely to the Trustees' reassessment of the future level of GDP, labor productivity, and employment. The reserve depletion date for the combined OASI and DI Trust Funds is projected for June 2035, 13 months later than projected in last year's report, for the same reason, plus the lower assumed ultimate disability incidence rate for this report. These are positive, but incremental, improvements.
- Second, the long-known and understood shift in the age distribution of the United States population due to lower birth rates since 1965 will continue to increase the ratio of beneficiaries to workers, and in turn increase the cost of the OASDI program as a percentage of taxable payroll and GDP. This shift was understood in 1983, but the 1983 Amendments were not expected to be a permanent solution, with trust fund reserve depletion expected by 2063 at that time.
- Third, trust fund reserve depletion will be decades earlier than expected in 1983, largely because a disproportionate share of the growth in earnings went to the highest paid workers, above the maximum taxable amount, thus lowering the share of all earnings subject to the payroll tax. However, the effect of this change and the shift in age distribution can be addressed with proposals currently being considered. We are confident that the Congress will act.
- Fourth, the Social Security program has no borrowing authority, so depletion of trust fund reserves would require a reduction in benefit payments and not increased borrowing from the public. The Social Security program has no effect on total Federal debt.

We look forward to working with this Committee and others in developing the adjustments to the law that will be needed to keep the Social Security program in good financial order, providing retirement, disability, and survivor benefits for future generations.

SOCIAL SECURITY
Office of the Chief Actuary

July 2, 2024

The Honorable Jodey Arrington
House Committee on the Budget
United States House of Representatives
Washington, D.C. 20515

Dear Chairman Arrington:

Thank you for the opportunity to testify before the House Committee on the Budget, at the June 13, 2024 hearing on "Medicare and Social Security: Examining Solvency and Impact to the Federal Budget." It is always a pleasure working with you and everyone associated with the Committee. I hope the information that I provided at the hearing will be helpful. Below I have restated the questions for the record that Paul Johnson sent to me on your behalf, and have provided answers.

1. **How large is the OASI annual operating deficit projected to be in the year of insolvency as compared to the last time Social Security was successfully reformed in 1983?**

   Answer: Under the intermediate assumptions of the 2024 Trustees Report, the reserves of the OASI Trust Fund are projected to become depleted in November 2033. For calendar year 2033, the projected cost of paying scheduled OASI benefits in full and on time exceeds scheduled non-interest income by 2.75 percent of taxable payroll (which is 1.00 percent of projected GDP for 2033, or $414 billion in then-current nominal dollars). Under the intermediate assumptions (alternative II-B) of the 1982 Trustees Report, the reserves of the OASI Trust Fund were projected to become depleted in 1983. For calendar year 1983, the projected cost of paying scheduled OASI benefits in full and on time exceeded scheduled non-interest income by 1.23 percent of taxable payroll (which was 0.53 percent of GNP for 1983, or about $19 billion in then-current nominal dollars).

2. **Can you express the annual deficit in 1983 and the projected annual deficit in the year of insolvency as a percentage of benefits?**

   Answer: Under the intermediate assumptions (alternative II-B) of the 1982 Trustees Report, the projected annual operating deficit for OASI for calendar year 1983 was 12 percent of the cost for paying full scheduled OASI benefits for the year. Under the intermediate assumptions of the 2024 Trustees Report, the projected annual operating deficit for OASI for calendar year 2033 is 19 percent of the cost for paying full scheduled OASI benefits for the year.

3. **How does rising inflation impact the long-term solvency of the Social Security trust funds?**

   Answer: Higher inflation in prices (as in the Consumer Price Index for Urban Wage Earners and Clerical Workers, or CPI-W) actually improves the long-term solvency (actuarial status) of the OASI and DI Trust Funds, assuming that growth in average worker wages and earnings are similarly increased, maintaining the “real” growth in average earnings. The sensitivity analysis on pages 193 and 194 of the 2024 Trustees Report explains this. Basically, an increase in prices and wages in a year increases the level of payroll tax receipts starting in that year, but it increases benefit levels for current beneficiaries starting a year later through the cost-of-living adjustment (COLA), and in addition increases benefit levels for individuals first becoming eligible starting 2 years later.

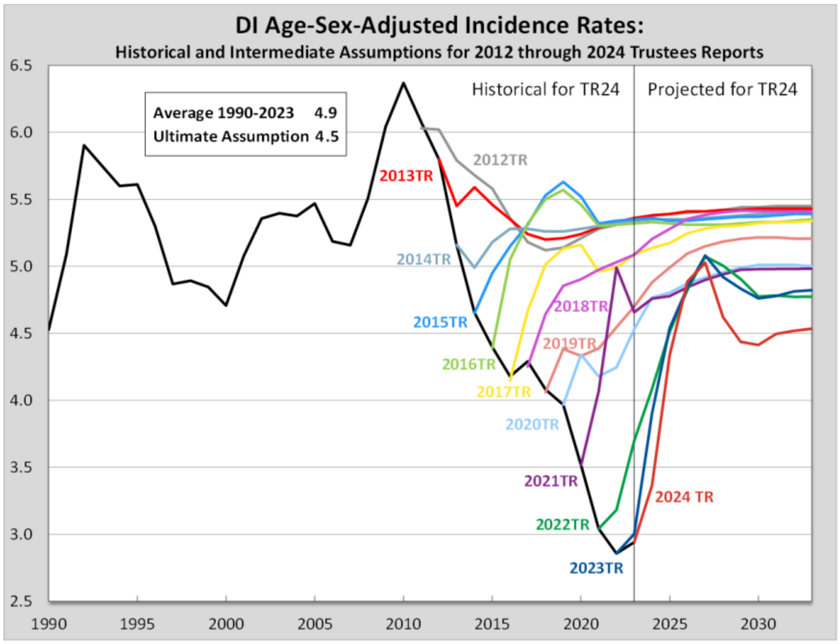
4. **How do the low-cost and high-cost scenarios differ in terms of the future financial status of the trust fund?**

   Answer: The low-cost and high-cost scenarios presented in the Trustees Report incorporate differences in all major assumptions that individually tend toward lower cost or higher cost, respectively, than the intermediate assumptions. For the OASI Trust Fund alone, where reserve depletion is projected to occur in 2033 under the intermediate assumptions, reserve depletion is projected to occur in 2040 under the low-cost scenario and in 2031 under the high-cost scenario. For the combined OASI and DI Trust Funds, where reserve depletion is projected to occur in 2035 under intermediate assumptions, reserve depletion is projected to occur in 2032 under the high-cost scenario, while reserves are projected to remain positive under the low-cost scenario, without depletion, throughout the 75-year projection period and beyond.

5. **This report states that the “DI Trust Fund status is more uncertain than OASI Trust Fund status because there is a high degree of uncertainty associated with future disability prevalence.” How sensitive is the DI trust fund depletion date to different assumptions on disability incidence?**

   Answer: Disability applications and incidence rates for disabled worker benefits under the Disability Insurance program have changed dramatically over the past decade. The incidence rate (the share of “exposed” workers, that is, insured workers not already receiving benefits, who become newly entitled in a year) had been around 5 per thousand exposed workers on average prior to 2008, then rose substantially due to the recession of 2007-09 to a peak in 2010, and has declined to unprecedented low levels, reaching around 4 per thousand by 2019 and has been even lower since then. In the 2012 Trustees Report, the ultimate age-sex-adjusted disabled worker incidence rate was assumed to be 5.4 per thousand exposed workers. With the declines in the disability incidence rate reaching 3 per thousand exposed workers in the last 2 years, the Trustees have incrementally reduced the ultimate assumed incidence rate, now at a level of 4.5 per thousand for the intermediate assumptions of the

2024 Trustees Report. Given our understanding of the changing nature of work, elevated demand for workers with the changing age distribution of the population, and increased accommodations for workers by employers, among other factors, it is possible that the ultimate incidence rate assumption will be even lower in the future.



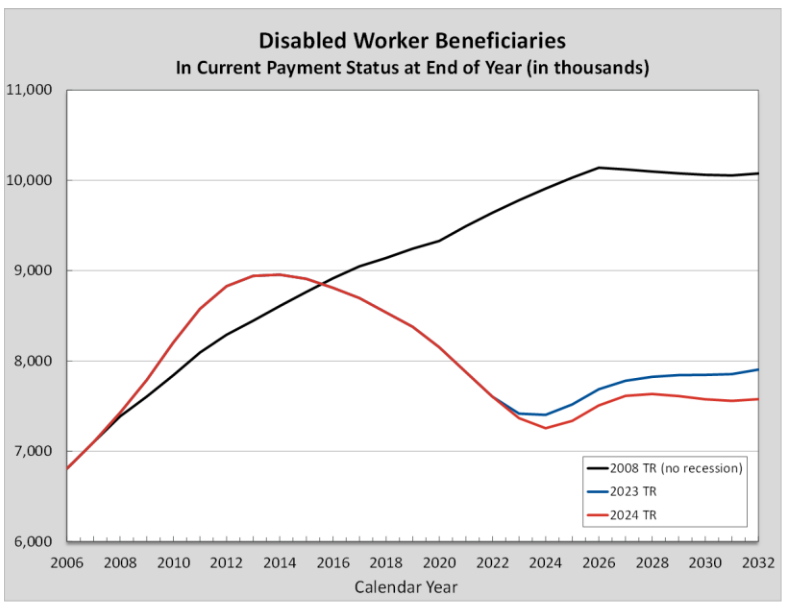
The sensitivity analysis provided on pages 196 and 197 of the 2024 Trustees Report indicates that if the incidence rate rises gradually from the roughly 3 per thousand experienced in 2023 to 3.6 per thousand workers exposed, rather than the level of 4.5 currently assumed for the intermediate scenario, then the long-range OASDI actuarial deficit would be reduced by about 10 percent, from 3.50 percent of taxable payroll to 3.16 percent of taxable payroll. The DI Trust Fund reserves are not projected to become depleted under either of these sets of assumptions. However, if the incidence rate were to rise soon to the level of 5.4 per thousand exposed, as was assumed for the 2012 Trustees Report, the OASDI actuarial deficit would be increased to 3.84 percent of payroll, and the OASDI Trust Fund reserves would be projected to become depleted in one year earlier in 2034, with DI Trust Fund reserves becoming depleted in 2056.

6. **In the 2015 Trustees report, the DI Trust Fund was projected to go insolvent in the fourth quarter of 2016. The 2015 Balanced Budget Act temporarily reallocated a portion of the Social Security payroll tax to the DI trust fund to extend its solvency. The 2016 Trustees report projected this would extend solvency by six years to the third quarter of 2023. What key factors and assumptions have changed since then that now lead you to project that the DI trust fund will remain solvent through the 75-year window?**

Answer: For the 2015 Trustees Report, that Trustees were still assuming an ultimate disability incidence rate of 5.4 per thousand exposed workers. At the time that assumption was set, the actual incidence rate had fallen to slightly below 5.0 per thousand exposed workers, which was not inconsistent with the possibility that there would be only a temporary lowering of incidence following the surge of applications and disability awards during and following the 2007-09 recession. Since 2015, the persistent low and declining levels of disability incidence have made it clear that the changing age distribution of the population and changing nature of work have greatly lowered the number of disabled worker beneficiaries and DI cost from prior expectations, making it increasingly likely that lower disability incidence rates than have been assumed in recent past reports will be sustained in the future.

7. **Given the extreme variation in solvency projection that occurred post-payroll reallocation, what degree of certainty do you have that the future projections of DI trust fund solvency will remain consistent with this report?**

Answer: Not only has the disabled worker incidence rate declined dramatically from what had been expected up to and after the 2007-09 recession through 2015, but the number of insured workers actually receiving disability benefits has fallen far below the earlier expectations. Given the changing nature of work, and the changing demands for and of employees with the changing age distribution of the population, it appears to be highly likely that the future general level of the disability incidence rate will not rise to past levels and may be more likely to remain at or even below the current Trustees' intermediate assumption.



The graph above illustrates the dramatically lower level of disabled worker beneficiaries since 2015 as compared to the expectations in the 2008 Trustees Report, before the 2007-09 recession had been reflected in the projections.

8. **What is Social Security's projected unfunded liability over the 75-year window?**

Answer: The open-group unfunded obligation for the OASDI program through 2098 is estimated to be $22.6 trillion in present discounted value (discounted by assumed interest rates to January 1, 2024, the valuation date for the 2024 Trustees Report). Resolving this underfunding will require changes in scheduled benefits and/or revenue over the next 75 years that will in total be equivalent of to about 3.3 percent of taxable payroll or 1.2 percent of GDP over these 75 years as a whole. We note that the projected financing shortfall is properly referred to as an unfunded *obligation*, because the level of future benefits scheduled in current law is not guaranteed, so the cost of such benefits is not a *liability*. As has occurred in the past, and clearly occurred with the 1983 Social Security Amendments, the Congress has the ability to change the law and the scheduled level of benefits at any time. Inaction by the Congress up to the point of trust fund reserve depletion would not allow for full payment of the intended level of benefits scheduled in current law.

9. **What is the average year-over-year growth in unfunded liabilities? How much worse will this problem get if Congress continues to do nothing?**

Answer: The unfunded obligation for the OASDI program tends to increase slightly as a percent of taxable payroll and as a percent of GDP each year, because with each new Trustees Report, the 75-year valuation period advances by one year, thus adding one additional year (2098 for the 2024 Trustees Report) where the annual shortfall in financing is relatively large. Expressed as a percent of taxable payroll or GDP over the future 75-year period, the change in the unfunded obligation rises very little from one report to the next, because the levels of taxable payroll and GDP are also larger in distant future years. However, if the unfunded obligation is considered in terms of the present discounted value in dollars of the shortfall through the next 75 years, the much larger factor is the date to which the shortfall is discounted. Because the shortfall is discounted to January 1 of the year of issuance of each Trustees Report, the dollar level of future shortfall is discounted by 1 year less with each successive report, thus increasing the discounted dollar level by the nominal interest rate on the reserves in the trust funds over the year prior to January 1 of the year the report is issued. This factor alone increases the dollar level of the unfunded obligation by nearly 5 percent on average for each new report, on top of the effect of extending the valuation period by one additional year.

10. **How can a bipartisan fiscal commission, like the one considered in this committee, help save the trust funds?**

Answer: The National Commission on Social Security Reform was started in December 1981 and concluded with its report to President Reagan in January 1983. The commission was bipartisan and open to all in discussing challenges and potential changes. Important is the fact that the Commission, which included many then-current members of the Congress, provided a framework for discussion and concluded with recommendations that would (if enacted) have addressed about two-thirds of the then-projected shortfall in funding through about 2060. This framework contributed to the extensive congressional hearings and development of the actual amendments enacted by the Congress in 1983, after congressional hearings and final development in conference committee. An approach along these lines, allowing for serious discussion and the usual course of development of important legislation through the congressional process, was a very effective means to addressing the Social Security financial challenge at the time, and would seem to be as useful now.

11. The two public trustees positions currently are vacant. Can you speak to the role of the public trustee positions in offering Congress and the American public a seat at the table during the Trustees' report process?

Answer: Inclusion of two Public Trustees on the Boards of Trustees for the Social Security and Medicare Trust Funds has been useful in ensuring that changes in the reports are well vetted and incremental in nature. I am happy to report that the four members of the Boards who serve by virtue of their positions in the executive branch have consistently taken their responsibilities extremely seriously, even in the absence of confirmed Public Trustees in the last several years, understanding the importance of these programs to all Americans. An additional requirement in the law is the certification of the Chief Actuary at the Social Security Administration as to the reasonableness of all assumptions and methods used for the Social Security Trustees Report, both individually and in the aggregate. The same requirement is in the law for the Chief Actuary at the Centers for Medicare and Medicaid Services, as it applies to the Medicare Trustees Report. The transparency, objectivity, and consistency of the reports has been assured through these requirements and will only be further enhanced with the appointment and confirmation of Public Trustees in the future. The consistency of the projections in the reports gives evidence of this. The projected year of reserve depletion for the combined OASI and DI Trust Fund reserves has varied only in the range 2033 to 2035 for the last 13 Trustees Reports.

I hope this further information will be helpful. If you have any additional questions or need assistance in any way, please let me know.

Sincerely,

Stephen C. Goss

Stephen C. Goss, ASA, MAAA
Chief Actuary