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CBO REPORT: ANOTHER CALL TO ACTION

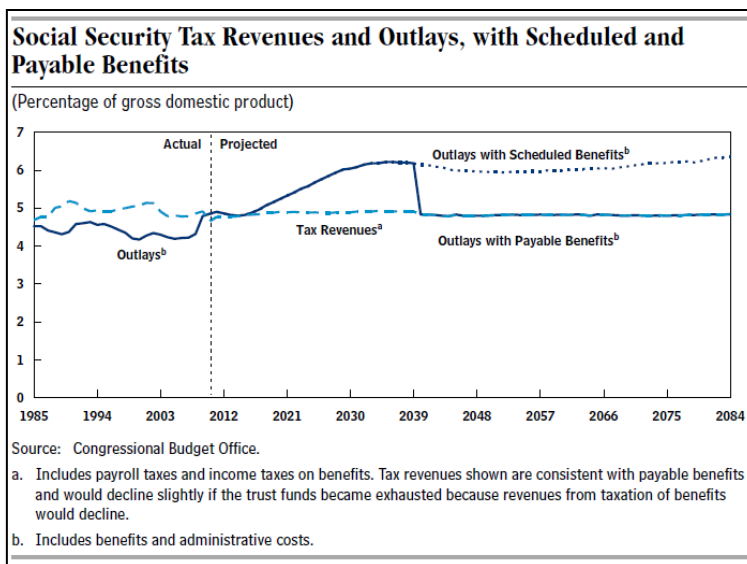
Projections for Social Security warn of status quo's painful consequences

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Earlier today, the Congressional Budget Office [CBO] released their annual outlook on the financial health of Social Security. Echoing warnings of the Social Security Trustees and non-partisan experts, the CBO details the looming insolvency of this critical retirement security program, and warns of across-the-board benefit cuts to all seniors should policymakers fail to act.

With annual cash deficits soon turning permanent, the Social Security Trust Fund is expected to be exhausted by 2039 - at which point benefits will be cut in excess of 20%. Under CBO's more likely alternative fiscal scenario, Social Security is projected to reach insolvency by 2037. Due to the uncertainty in budget projections, CBO notes that there is more than a 1 in 3 chance Social Security will go bankrupt before 2035. Additional key findings from CBO's Long-Term Projections for Social Security:

- For the first time since the 1983 reforms, Social Security is running a cash deficit. This deficit is expected to turn permanent in 2016.
- The 75-year long term unfunded liability under the alternative fiscal scenario has increased from 1.5% of payroll to 2.1% of payroll - a 40% increase in just one year.
- By 2039, Social Security will no longer have the legal authority to pay full benefits, necessitating a painful across-the-board 21% cut in benefits to seniors.



Rather than the incessant partisan attacks, policymakers must work together to advance sensible reforms to save Social Security from its imminent collapse. There is bipartisan consensus on the need to act; what Washington now lacks is the political will. CBO's latest warning provides yet another reminder of the painful consequences should Congress continue to kick the can down the road.

This document was prepared by the Republican staff of the Committee on the Budget, U.S. House of Representatives. It has not been approved by the full committee and may not reflect the views of individual committee members.

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