

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.

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

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.

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

14 “(F) How the annual amounts identified in
15 subparagraph (B) would change if either rais-
16 ing payroll taxes or reducing benefits to keep
17 the program in financial balance is delayed for
18 5, 10, 25, and 50 years.

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

1 future to fund benefits. Instead, such balances
2 are claims on the United States Treasury that,
3 when redeemed, will have to be financed by
4 raising taxes, borrowing from the public, or re-
5 ducing benefits or other expenditures. The ex-
6 istence of large Social Security Trust Fund bal-
7 ances, therefore, does not, by itself, have any
8 impact on the Federal Government's ability to
9 pay benefits.'.

10 “(2) The information described in subpara-
11 graphs (B), (C), and (D) of paragraph (1) shall be
12 presented in terms of nominal dollars, inflation-ad-
13 justed dollars, and present discounted value in the
14 report under subsection (c)(2), and in terms of infla-
15 tion-adjusted dollars in the summary of such report.

16 “(3) The Board of Trustees shall publish the
17 economic model and all relevant data that are used
18 to make the financial projections included in the re-
19 port under subsection (c)(2) and to make it available
20 on the Social Security Administration Internet web
21 site. Annually, the Board of Trustees shall also in-
22 clude in such report any changes made to the model
23 and data in the preceding 12 months.

24 “(4) The information described in paragraph
25 (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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