The Committee for a Responsible Federal Budget

FOR IMMEDIATE RELEASE
June 15, 2004

Contact: Diane Czastkiewicz (202) 986-6599
CRFB@newamerica.net

NEW CBO REPORT CONFIRMS NEED FOR CHANGES TO SOCIAL SECURITY PROGRAM

WASHINGTON, DC – Maya MacGuineas, Executive Director of the Committee for a Responsible Federal Budget, released a statement in response to the Congressional Budget Office releasing its new report on the long-term outlook for Social Security this morning.

The report mirrors the Social Security Trustees' findings that projected revenues will be unable to pay for scheduled benefits. There are differences between the projections made by CBO and SSA, which are primarily due to differing economic and earnings assumptions, MacGuineas said.

"The Social Security Administration projects that cash flow deficits will begin in 2018, while the Congressional Budget Office projects they will emerge one year later, in 2019. Both predict the gap between spending and revenues would go on indefinitely," MacGuineas said. "Clearly, neither projection is encouraging. Congress has to get this right before Americans get stuck with the bill."

A summary of important metrics is below:

	CBO	**SSA**
Share GDP 2030	6.1	6.3
Share GDP 2050	6.3	6.5
Share GDP 2080	6.7	6.6
Year of 1st cash flow deficit	2018	2019
75-year actuarial balance (relative to payroll)	1.00	1.89

MacGuineas cited the importance of emphasizing cash flow deficits and the Social Security program's size as a share of GDP rather than relying on trust fund-based statistics, which as the CBO report explains, can be misleading since trust fund balances represent the legal authority to pay benefits but not necessarily the resources to do so. Also, the CBO report makes an important contribution by highlighting the pressure the Social Security program will place on the rest of the budget and the economy.

"It would be a shame if those who favor delaying making necessary reforms to the Social Security program use this new report as a misguided excuse to justify those delays." MacGuineas said. "Instead, it should serve as yet another reminder that the sooner those changes are made, the less burdensome they will have to be."

--30--