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**THE POLITICIZATION OF  
THE SOCIAL SECURITY ADMINISTRATION**

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## EXECUTIVE SUMMARY

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This report investigates whether the Social Security Administration has altered its communications to the public to build support for President Bush's Social Security proposals. In a recent letter to members of Congress, the agency's Commissioner, Jo Anne Barnhart, asserts that there have been no changes in the content of the public communications of the Social Security Administration. According to Ms. Barnhart, who was appointed by President Bush in November 2001, "the messages we use to inform the public have been consistent throughout the past decade."

To assess whether Ms. Barnhart's assertions are accurate, the Special Investigations Division reviewed over 4,000 pages of documents relating to the communications strategy of the Social Security Administration. These documents, which were provided in response to a congressional request, include internal agency documents as well as agency press releases, publications, PowerPoint presentations, web postings, and annual statements.

The documents reveal that the Social Security Administration has markedly changed its communications to the public over the last four years. Taken together, these changes — some subtle and others obvious — call into question the agency's independence. While estimates of Social Security's long-term solvency have improved over the last four years, the Social Security Administration's rhetoric has moved in the opposite direction. Public assurances that the Social Security system faces "no immediate crisis" have been eliminated from agency presentations, and descriptions of the role Social Security plays in keeping seniors "out of poverty" have been dropped. In their place, the agency now repeatedly warns that Social Security is "unsustainable" and "underfinanced" and "must change."

The new communication messages are not accidental. During the Clinton Administration, one of the agency's primary strategic goals was to educate the public about the Social Security program. This strategic goal was replaced in 2003 by a new objective to use public communication to "support reforms" to Social Security. The agency's 2005 strategic communications plan states that a key "message" is "Social Security's long-term financing problems are serious and need to be addressed soon."

The changes in the content of agency communications to the public are evident in multiple Social Security documents. Examples include:

- **Changes in "The Future of Social Security" booklet.** The 2000 version of this public primer on Social Security began: "Will Social Security be there for you? Absolutely." In the 2004 version, these reassuring lines are eliminated. Instead, the publication begins: "Social Security must change

to meet future challenges.” A key heading from the 2000 document read: “Social Security Is an Economic Compact Among Generations.” In the 2004 version, the new heading reads: “Current Social Security System Is Unsustainable in the Long Run.”

- **Changes in agency press releases.** On an annual basis, the Social Security Trustees release a report on the solvency of the system. Yet as the Trustees’ projections of the solvency of Social Security have improved over the last four years, the agency’s press releases have grown more dire. The 2001 press release was titled: “Social Security Trust Funds Gain One Additional Year of Solvency.” By 2003, the estimate of the program’s solvency had increased by four years to 2042. Yet the 2003 press release is titled: “Social Security Not Sustainable for the Long Term” and begins: “The Social Security Board of Trustees today declared that the Social Security program is not sustainable over the long term.”
- **Changes in other agency communications.** The Social Security Administration provides its employees a narrated PowerPoint presentation for use before public audiences. The 2000 narrative told audiences, “There is no immediate financial crisis,” and “the baby boom generation’s pressure on the trust funds is not permanent.” The 2004 narrative removes these statements. New additions to the agency’s website warn the public of “a massive and growing shortfall” and benefits that “could be reduced by 33 percent.”

The Social Security Administration has even changed the text of the statements sent annually to every worker who contributes to Social Security. The 2001 statements told workers to think of Social Security as a “foundation on which to build your financial future” and assured employees that Social Security will “be there when you retire.” These statements are gone from the 2005 version, replaced by the vague but alarming assertion that “Congress has made changes to the law in the past, and can do so at any time.”

Taken together, the communication changes reflect a growing politicization of the Social Security Administration. The predictions of Social Security’s long-term solvency have improved over the last four years, yet a member of the public reading the agency’s public communications during the Bush Administration would be left with exactly the opposite impression. Previous statements by the agency that reassured the public have systematically been replaced by language that calls Social Security “unsustainable” and builds support for the President’s case for “reform.”

## BACKGROUND

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The Social Security Administration was established in 1946 to provide professional, nonpartisan administration of the Social Security programs. To keep the management and administration of Social Security outside of politics, Congress has provided the Commissioner with a six-year tenure and allows the President to remove the Commissioner from office only with cause.<sup>1</sup>

In recent weeks, however, concerns have been raised about the independence of the agency. Investigative journalists have reported on agency plans to build support for the President's legislative proposals by publicizing the financial problems facing Social Security.<sup>2</sup> Agency employees have testified before the Senate Democratic Policy Committee that the Social Security Administration is directing agency employees to spread a political message intended to "scare the public about the future of Social Security."<sup>3</sup>

Administration officials deny that there have been changes in the agency's communications. Commissioner Jo Anne Barnhart, who was appointed by President Bush in November 2001 to run the Social Security Administration, responded to the concerns in a February 4, 2005, letter to Democratic Leader Nancy Pelosi. According to Ms. Barnhart, "the messages we use to inform the public have been consistent throughout the past decade."<sup>4</sup>

To assess whether the Social Security Administration has changed its public messages, the Special Investigations Division reviewed over 4,000 pages of agency communications and internal communications plans. These materials, which were provided in response to a congressional request, cover the period from 1995 to 2005. The documents include agency materials created for radio, TV, and newspapers; agency publications, PowerPoint presentations, web postings, and annual employee statements; and internal agency communications. This report presents the results of the staff investigation.

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<sup>1</sup> 42 USC § 902.

<sup>2</sup> *See Social Security is Enlisted to Push its Own Revision*, New York Times (Jan. 16, 2005); *Critics See Social Security Warnings as Scare Tactics*, Los Angeles Times (Jan. 16, 2005).

<sup>3</sup> Testimony of Social Security Claims Representative Steve Kohfahl, Senate Democratic Policy Committee, *An Oversight Hearing on the Bush Administration's Plans to Privatize Social Security* (Jan. 28, 2005).

<sup>4</sup> Letter from Commissioner Jo Anne B. Barnhart to Democratic Leader Nancy Pelosi (Feb. 4, 2005).

FINDINGS

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**Changes in the Social Security Administration's Strategic Plan**

Like other federal agencies, the Social Security Administration prepares multi-year plans under the Government Performance and Results Act that outline the agency's strategic goals and objectives. A review of these strategic plans shows a marked change in the agency's communications goals and objectives during the Bush Administration.

In its 1997 Strategic Plan, the Social Security Administration adopted as one of its five strategic goals "to strengthen public understanding of Social Security programs."<sup>5</sup> The agency set as its objective to ensure that 90% of Americans were knowledgeable about Social Security programs by 2005. This goal was refined in the 2000 Strategic Plan, which identified three areas in which Americans should be knowledgeable about Social Security: basic program facts, the value of Social Security programs, and financing Social Security programs.<sup>6</sup>

In March 2003, the Social Security Administration released a revised Strategic Plan that eliminated public understanding of Social Security programs as a strategic goal. The 2003 plan established a new objective to "support reforms" that "ensure sustainable solvency and more responsive retirement and disability programs."<sup>7</sup> Public education is mentioned in the strategic plan as a means of achieving this objective, not as its own goal.

An agency "Performance Plan" prepared in 2004 added outcome measures under the objective to "support reforms." One outcome measure is the "[p]ercent of adult Americans knowledgeable about Social Security programs and related issues, including long range financing."<sup>8</sup> The educational activities described in

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<sup>5</sup> Social Security Administration, *Keeping the Promise: Strategic Plan 1997–2002* (Sept. 1997).

<sup>6</sup> Social Security Administration, *Mastering the Challenge: Strategic Plan 2000–2005* (Sept. 2000).

<sup>7</sup> Social Security Administration, *Strategic Plan 2003–2008*, 29 (Mar. 2003).

<sup>8</sup> Social Security Administration, *Performance Plan for Fiscal Year 2004 and Revised Final Performance Plan for Fiscal Year 2003* (2003). The first outcome measure was to "[p]rovide support to the Administration and Congress in developing legislative proposals to achieve sustainable solvency for Social Security and implementing reform legislation." The FY 2003 and 2004 goal under this outcome measure is, "Conduct Analysis and make recommendations to the Administration and Congress on key issues related to implementing Social Security reforms and the administration of personal accounts."

this plan focus on informing the public about “financing challenges facing the Social Security programs.”<sup>9</sup>

The communications plans developed by the Social Security Administration’s Office of Communications and its regional Communications Directors reflect the changing priorities. The Office of Communications’ Fiscal Year 2005 National Strategic Communications Plan is designed to “carry out targeted communications objectives in support of the Agency’s mission and goals.”<sup>10</sup> The plan includes the communications objective to “[e]ducate all audiences” with the message that “Social Security’s long term financing problems are serious and need to be addressed soon.”<sup>11</sup>

The 2005 “Headquarters Objectives and Tactics” developed by the Office of Communications refines the National Strategic Communications Plan. It states that the agency should “inform audiences about solvency issues and challenges through Monthly Information Package (MIP) and other ... publications.”<sup>12</sup> The document mentions several types of public outreach (press releases, public relations materials used by regional offices, employee talking points) that should be used to spread the message that “changes are needed to ensure long-range Social Security solvency.”<sup>13</sup>

Regional tactical communications plans also reflect the priorities of the national plan. For example, the Philadelphia regional plan notes that as part of its efforts to achieve its communications objective, it will “inform audiences about solvency issues and challenges following the direction of ... the Press office.”<sup>14</sup> A 2004 “Tactical Plan” for the Kansas City region provided to Congress by employees of the Social Security Administration states that agency employees should disseminate the following message to “all audiences”: “Social Security’s long-term financing problems are serious and need to be addressed soon” or else Social Security may not “be there for future generations.”<sup>15</sup>

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<sup>9</sup> Social Security Administration, *Performance Plan for Fiscal Year 2004 and Revised Final Performance Plan for Fiscal Year 2003*, 54 (2003).

<sup>10</sup> Social Security Administration, *Office of Communications’ Fiscal Year 2005 National Strategic Communications Plan* (Oct. 2004).

<sup>11</sup> *Id.*

<sup>12</sup> Social Security Administration, *DCCOMM Strategic Communications Plan: Headquarters Objectives and Tactics* (Nov. 30, 2004).

<sup>13</sup> *Id.*

<sup>14</sup> Social Security Administration Philadelphia Region, *2005 Tactical Communications Plan: Communications Objective No. 6* (2004).

<sup>15</sup> Social Security Administration, *Communications/Marketing Tactical Plan Kansas City Region* (Feb. 14, 2004).

This politicization of the agency's communication plan is a marked change from the efforts of the Social Security Administration under the Clinton Administration. In a 2000 communications document, the agency recognized that an upcoming challenge would be to inform the public about "critical issues regarding the future of Social Security." The document noted that "[w]ith Social Security financing, the public is confronted with conflicting claims (sometimes called 'stat wars'), and they often do not know whom to rely on for factual information and analysis." The document continued: "The American public should be able to look to SSA for factual information about the program and the issues."<sup>16</sup>

### **Examples of Specific Changes to Social Security Administration Documents**

Little has changed about Social Security in the last four years. In fact, the long-term prognosis of the program has improved. In 1999, the program was expected to be on solid financial footing until 2038.<sup>17</sup> Presently, the program is expected to be solvent until 2042 according to the Social Security Trustees or until 2052 according to the nonpartisan Congressional Budget Office.<sup>18</sup> Yet despite this improvement in the solvency of Social Security, the Social Security Administration is "spinning" these facts differently. Reassuring statements have systematically been eliminated in favor of assertions that question the viability of Social Security and build support for "reform."

#### **"The Future of Social Security" Booklet**

The public primer "The Future of Social Security" was first produced in 1998. As the Social Security Administration explained at the time, "This booklet is part of the public information campaign on the national dialogue on Social Security. It's aimed at the general public to help them understand the present Social Security system so that they can help shape the Social Security system of tomorrow."<sup>19</sup>

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<sup>16</sup> Social Security Administration, *Informing the Public about Social Security: Major Accomplishments and Challenges* (2000).

<sup>17</sup> Social Security Administration, *1999 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds* (Mar. 1999).

<sup>18</sup> Social Security Administration, *2004 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds* (Mar. 2004). Congressional Budget Office, *Updated Long-Term Projections for Social Security* (Jan. 2005).

<sup>19</sup> Social Security Administration, *SSA Public Information Bulletin*, No. 98-27 (Oct. 1998).



The booklet has now become a central part of public outreach and public information for the Social Security Administration.

The text of this important booklet has changed in significant ways under the Bush Administration. The 2000 version of the booklet began with the question “Will Social Security Be There for You?” The answer was reassuring: “Absolutely. The only real question is what kind of Social Security system we will have.”<sup>20</sup> These sentences are removed from the 2005 version. In this version, the first page begins: “Social Security must change to meet future challenges.”<sup>21</sup>

Both the 2000 and 2005 booklets have a discussion and chart showing that assets remain in the trust funds until the middle of the century. In the 2000 document, this section is captioned: “Social Security Is an Economic Compact Among Generations.”<sup>22</sup> The caption used in the 2005 document is “Current Social Security System Is Unsustainable in the Long Run.”<sup>23</sup> The text in the 2000 version stated: “There is more than \$900 billion in the trust funds, and they are projected to grow to more than \$6 trillion in the next 25 years.”<sup>24</sup> The text in the 2005 version states: “There are now large ‘reserves’ in the trust funds, but even this money is small compared to future scheduled benefit payments.”<sup>25</sup> See Appendix 1.

### **Social Security Administration Press Releases**

Each year, the Social Security Trustees provide an annual report on the financial status of the Social Security system. When the report is released, the Social Security Administration sends out a press release that describes the Trustees’ findings. As the 2005 “Headquarters Objectives and Tactics” document recognizes, the “national, front-page coverage” of the trustees report is a key opportunity to send a message to Americans about Social Security.<sup>26</sup>

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<sup>20</sup> Social Security Administration, *Future of Social Security* (2000).

<sup>21</sup> *Id.*

<sup>22</sup> *Id.*

<sup>23</sup> Social Security Administration, *Future of Social Security* (2005).

<sup>24</sup> Social Security Administration, *supra* note 20.

<sup>25</sup> Social Security Administration, *supra* note 23.

<sup>26</sup> Social Security Administration, *supra* note 12.

## POLITICIZATION OF THE SOCIAL SECURITY ADMINISTRATION

A review of these annual press releases reveals a striking pattern: Although the Social Security Trust Fund's solvency has improved over the last four years, the tone of the annual press releases has become significantly more gloomy.

In 2001, the Trustees reported that the Social Security trust funds would be sufficient to provide full benefits until 2038. The agency press release was titled: "Social Security: Trust Funds Gain One Additional Year of Solvency," and it highlighted these factual results in the first paragraph:

The Social Security Board of Trustees today released its annual report on the long-term financial health of the Social Security Trust Funds. The 2001 Trustees Report projects that the Social Security program will remain solvent until 2038 — one year later than reported last year<sup>27</sup>

In 2002, the solvency of the program improved again, with the trust fund projected to last three additional years to 2041. But the press release was titled: "Social Security Trust Funds: Long Range Deficits Remain," and it opened with an alarming assessment:

The Social Security Board of Trustees today declared that the Social Security program continues to be substantially underfinanced for the long term, while extending the projected solvency of the trust funds by three years.<sup>28</sup>

In 2003, the financial projections extended the life of the trust funds by another year, but the tone of the press release became yet more dire. The release was titled: "Social Security Not Sustainable for the Long Term," and the first paragraph stated:

The Social Security Board of Trustees today declared that the Social Security program is not sustainable over the long term. The 2003 Social Security Trustees report does extend the projected solvency of the funds by one year.<sup>29</sup>

The 2004 press release used a similar tone:

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<sup>27</sup> Social Security Administration, *Social Security: Trust Funds Gain One Additional Year of Solvency* (Mar. 19, 2001) (press release).

<sup>28</sup> Social Security Administration, *Social Security Trust Funds: Long Range Deficits Remain* (Mar. 26, 2002) (press release).

<sup>29</sup> Social Security Administration, *Social Security Not Sustainable for the Long Term* (Mar. 17, 2003) (press release).

The 2004 Social Security Trustees Report shows little change in the projected financial status of the Social Security program over last year. And again this year, the Social Security Board of Trustees states that, absent changes, Social Security's currently scheduled benefits are not sustainable in the long term.<sup>30</sup>

See Appendix 2 for examples of the changes in the Social Security Administration press releases.

### **Presentations to Outside Groups**

The Social Security Administration provides a PowerPoint presentation for employees involved in outreach efforts. This presentation is designed for use before outside groups and organizations with an interest in Social Security. It includes a series of slides, as well as suggested comments for SSA employees.

One of the slides in the series addresses the long-term finances of the program, indicating that the trust funds can be used to support benefit payments for approximately 40 years. The contents of the slide have not changed, but the suggested narrative has changed significantly.

In 2001, the narrative stated:

While many Americans are convinced that Social Security faces an immediate financial crisis, this graph reflects otherwise. By 2016, the OASDI outgo (benefits paid) will exceed the Social Security tax income. The Social Security trust funds (taxes plus trust fund interest) will peak and be sufficient to pay benefits through 2022. Taxes plus trust fund reserve plus principal will be sufficient to pay benefits through 2038. There is no immediate crisis. Even if nothing were done, which we know will not be the case, after 2038 we will still be collecting enough in taxes to fund about 73% of benefits. Keep in mind that a baby boomer born in 1950 will be 84 years old in 2038. Even though people in America are living longer, healthier lives, the baby boom generation's pressure on the trust funds is not permanent.<sup>31</sup>

By 2004, the reassuring statements are eliminated from the narrative. The first line is gone, as are the statements that "there is no immediate crisis," that "even if nothing is done . . . we will still be collecting enough in taxes to fund about 73%

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<sup>30</sup> Social Security Administration, *2004 Trustees Report — Little Change in Long Term Solvency of Social Security* (Mar. 23, 2004) (press release).

<sup>31</sup> Social Security Administration, *SSA Slide Show*, 2001 (emphasis added).

of benefits,” and that “the baby boom generation’s pressure on the trust funds is not permanent.”<sup>32</sup> See Appendix 3.

The Social Security administration also provides monthly information packages (MIPs) to its field offices each month. These MIPs contain sample speeches, sample Q&A, and other information about Social Security. Like the PowerPoint narratives, the information packages contain a noticeable change in tone. For example, a sample column in the April 2004 package states: “Social Security’s currently scheduled benefits are not sustainable in the long term.”<sup>33</sup>

### **Questions and Answers on the Social Security Website**

During the Clinton Administration, the Social Security Administration posted a “frequently asked questions” page on its website. The questions and answers originally posted by the agency focused on basic factual questions about Social Security, such as how to handle lost Social Security cards or how to sign up for direct deposit of Social Security checks.<sup>34</sup> In October 2002, the Social Security Administration added a new page to its website called “Frequently Asked Questions about Social Security’s Future.” The current iteration of this page is accessible from a prominently displayed link on the home page of the agency.<sup>35</sup>

The information currently posted on the “Frequently Asked Questions about Social Security’s Future” page provides a dire vision of Social Security’s capacity to provide benefits to the American public. Responses to questions about Social Security’s future include the warning that financing problems are “very large and serious” and that “[t]here will be a massive and growing shortfall over the 75-year period.” The response to a question about what will happen if Social Security is not changed states starkly that “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.”

A set of questions about Social Security benefits provides readers with the impression that today’s workers could face major benefit cuts. Although the document assures readers that there are “no plans to cut benefits for current retirees,” a 35-year-old asking “what can I expect to receive in retirement benefits from the program” is told: “unless changes are made, at age 73 your scheduled

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<sup>32</sup> Social Security Administration, *SSA Slide Show*, 2004.

<sup>33</sup> Social Security Administration, *Monthly Information Packet, Sample Column* (Apr. 2004).

<sup>34</sup> Social Security Administration, *Frequently Asked Questions* (May 24, 2000).

<sup>35</sup> Social Security Administration, *Social Security’s Future — FAQs* (2005) (online at <http://www.ssa.gov/qa.htm>).

benefits could be reduced by 27 percent and could continue to be reduced every year thereafter from presently scheduled benefits.” A 25-year-old is told: “If you live to be 100 years old in 2079 (which will be more common by then), your scheduled benefits could be reduced by 33 percent from today’s scheduled levels.”

Another set of questions focuses on Social Security’s assets. Although the answers confirm that the Social Security trust funds do exist, they warn that the \$1.5 trillion in Treasury bonds held by Social Security in 2004 “is a small percent of benefit obligations.”

### **Individual Social Security Statements**

Every year, Americans who pay into the Social Security system receive an annual statement that describes the Social Security program, summarizes the individual’s earnings history, and provides an estimate of the individual’s retirement and disability benefits. These individual statements have changed in several ways between 2001 and 2005.

One set of changes downplays the benefits of the Social Security program. For example, the 2001 statement informs the recipient that Social Security “plays a major role in keeping [elderly Americans] out of poverty.”<sup>36</sup> This positive description of Social Security is dropped in the 2003 and subsequent statements.<sup>37</sup> The 2001 description of Social Security as a “foundation on which to build your financial future” is also eliminated from the statement by 2003.<sup>38</sup>

A second set of changes to the statement dramatize Social Security’s long-term financial issues, presenting them in a more alarming fashion than earlier statements. The 2001 statement contained the following passage: “Will Social Security be there when you retire? Of course it will.”<sup>39</sup> This reassurance vanishes in the 2002 and later statements. By 2005, the employee statement adds the vague but threatening comment that “Congress has made changes to the law in the past, and can do so at any time.”<sup>40</sup>

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<sup>36</sup> Social Security Administration, *2001 Social Security Statement* (2000).

<sup>37</sup> Social Security Administration, *2003 Social Security Statement* (2003).

<sup>38</sup> *Id.*

<sup>39</sup> Social Security Administration, *supra* note 36.

<sup>40</sup> Social Security Administration, *2005 Social Security Statement* (2005).

CONCLUSION

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A careful review of the public communications of the Social Security Administration reveals a systematic change in emphasis. Although the solvency of the Social Security system has improved over the last four years, the public communications from the agency have grown more dire. Assurances that Social Security will “be there” and is a “foundation on which to build your financial future” have been replaced by warnings that the system is “unsustainable” and “underfunded.” The new tone of the communications echoes President Bush’s message on Social Security, raising questions about the political independence of the Social Security Administration.

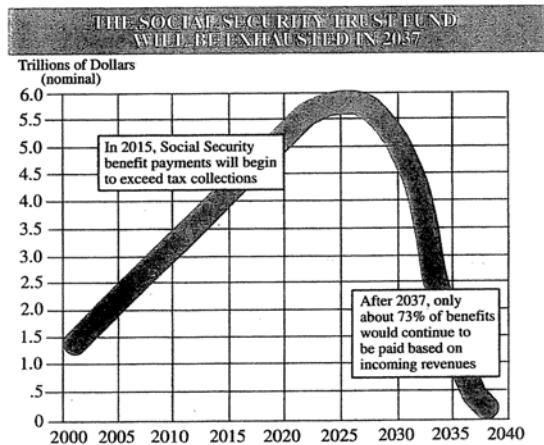
Appendix 1: Changes in “The Future of Social Security” Booklet

From the 2000 Version:

*Social Security Is An Economic Compact Among Generations*

Many people think that their Social Security tax contributions are held in interest-bearing accounts earmarked for their own future retirement needs. Social Security is actually an intergenerational compact—the Social Security taxes paid by today’s workers and their employers go mostly to fund benefit payments for today’s retirees.

Social Security is now taking in more in taxes than is paid out in benefits, and the excess funds are credited to Social Security’s trust funds. There is now about \$900 billion in the trust funds, and they are projected to grow to more than \$6 trillion in the next 25 years. But benefit payments will begin to exceed taxes paid in 2015, and the trust funds will be exhausted in 2037. At that time, Social Security will be able to pay only about 72 percent benefits owed ... if no changes are made.

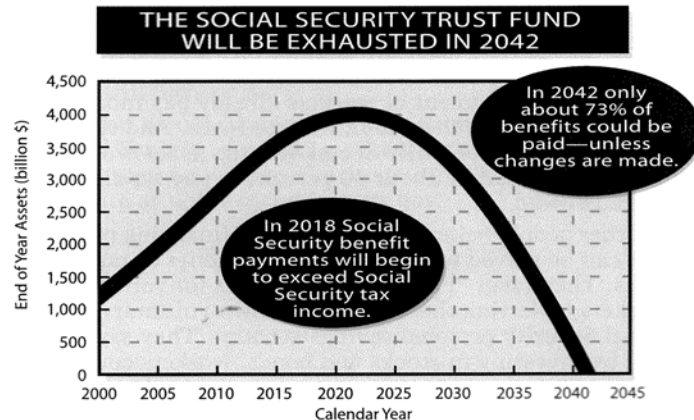


From the 2004 Version:

**Current Social Security system is unsustainable in the long run**

Many people think that the Social Security taxes they pay are held in interest-bearing accounts earmarked for their own future retirement needs. The fact is that Social Security is a pay-as-you-go retirement system—the Social Security taxes paid by today’s workers and their employers are used to pay the benefits for today’s retirees and other beneficiaries.

Social Security is now taking in more money than it pays out in benefits, and the remaining money goes to the program’s trust funds. There are now large “reserves” in the trust funds, but even this money is small compared to future scheduled benefit payments. In 2018 benefits owed will be more than taxes collected, and Social Security will need to begin tapping the trust funds to pay benefits. The trust funds will be exhausted in 2042. At that time, Social Security will not be able to meet all of its benefit obligations ... if no changes are made.



**Appendix 2: Changes in Social Security Administration Press Releases**

**2001 Press Release:**

Monday March 19, 2001  
For Immediate Release

Carolyn Cheezum  
410-965-8904 FAX 410-966-9973



SOCIAL SECURITY  
**News Release**  
**Social Security Trust Funds Gain  
One Additional Year of Solvency**

The Social Security Board of Trustees today released its annual report on the long-term financial health of the Social Security Trust Funds. The 2001 Trustees' Report projects that the Social Security program will remain solvent until 2038 - one year later than reported last year.

"The additional year of solvency is good news. However, we should both maintain fiscal discipline and move forward on a bipartisan basis to strengthen Social Security to face the challenges presented by the Baby Boom generation's retirement," said William A. Halter, Acting Commissioner of Social Security.

Social Security ran a surplus of \$153 billion in 2000 and ended the year with \$1.049 trillion in assets. Annual Trust Fund revenues are projected to exceed expenditures until 2016, a year later than estimated in last year's Trustees' report.

Acting Commissioner Halter stated, "Social Security is the major source of income for two-thirds of older Americans and virtually the only source of income for one-third of older Americans. In a real sense, Social Security is the most important income security program in American history. We should utilize this period of Social Security surpluses to fashion the legislative changes necessary to extend the solvency of the system for future generations."

**2003 Press Release:**

Monday March 17, 2003  
For Immediate Release

Jim Courtney, Press Officer  
410-965-8904 FAX 410-966-9973



SOCIAL SECURITY  
**News Release**  
**Social Security Not Sustainable for the Long Term**  
(Aqui en Español)

The Social Security Board of Trustees today declared that the Social Security program is not sustainable over the long term. The 2003 Social Security Trustees Report does extend the projected solvency of the trust funds by one year.

In the 2003 Annual Report to Congress, the Trustees announced:

- The projected point at which tax revenues will fall below program costs comes in 2018 -- one year later than the estimate in last year's report;
- The projected point at which the trust funds will be exhausted comes in 2042 -- one year later than the estimate in last year's report;
- The projected actuarial deficit of taxable payroll over the 75-year long-range period is 1.92 percent -- larger than the 1.87 percent projected in last year's report;
- The Trust Funds would require another \$3.5 trillion in today's dollars, earning interest at Treasury rates, to pay all scheduled benefits over the next 75 years. This obligation grew \$200 billion from last year.

"This report is yet another reminder of what we have known for some time: Social Security's long-term financing problems are very serious, and will not be fixed by wishful thinking alone," said Jo Anne Barnhart, Commissioner of Social Security.



Appendix 3: Changes in Social Security Administration Presentations to Outside Groups

**From the 2001 PowerPoint Narrative:**

Universal 2001 Presentation  
(Designed for PowerPoint View)

*Cumulative Trust Fund Reserves*

•While many Americans are convinced that Social Security faces an immediate financial crisis, this graph reflects otherwise. By 2016, the OASDI outgo (benefits paid) will exceed the Social Security tax income. The Social Security trust funds (taxes plus trust fund interest) will be peak and be sufficient to pay benefits through 2022. Taxes plus trust fund reserve principal will be sufficient to pay benefits through 2038. There is no immediate crisis. Even if nothing were done, which we know will not be the case, after 2038 we will still be collecting enough in taxes to fund about 73% of benefits. Keep in mind that a baby boomer born in 1950 will be 84 years old in 2038. Even though people in America are living longer, healthier lives, the baby boom generation's pressure on the trust funds is not permanent.

•As mentioned earlier, Social Security provides a floor of protection. It is estimated that only half of the baby boom generation can expect to receive private pensions. More reason to expect that changes will be made. As the Commissioner has stated, "People must understand the Social Security program of today in order to help shape the Social Security program of tomorrow."

•Adjustments in the program are needed. The sooner the adjustments are made the more modest the changes would need to be. Our responsibility is to help educate the public about what the program is like today, so that they can better participate in the discussions on what the program should look like in the future.

•Although many options are being discussed, it is important to look closely at the inherent tradeoffs with all options. There are no perfect options.

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**From the 2004 PowerPoint Narrative:**

In 2018, Social Security Will Begin Paying More in Benefits Than is Collected in Taxes

Trust Fund in Trillions

□By 2018, the OASDI outgo (benefits paid) will exceed the Social Security tax income. The Social Security trust funds (taxes plus trust fund interest) will be peak and be sufficient to pay benefits through 2028. Taxes plus trust fund reserve principal will be sufficient to pay benefits after 2042. After 2042 we will only be collecting enough in taxes to fund about 73% of benefits.

□Adjustments in the program are needed. The sooner the adjustments are made the more modest the changes would need to be. Our responsibility is to help educate the public about what the program is like today, so that they can better participate in the discussions on what the program should look like in the future.

□Although many options are being discussed, it is important to look closely at the inherent tradeoffs with all options.

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