

**Social Security Advisory Board
Minutes
Board Meeting
June 15, 2011**

Location: 400 Virginia Avenue, S.W., Suite 625
Washington, D.C. 20024

Time: 8:45 a.m. – 4:00 p.m.

SSAB Members: Marsha Katz, Acting Chair
Jagadeesh Gokhale
Dorcas Hardy
Mark Warshawsky

Presenters: Michael Astrue, Commissioner of Social Security
Glenn Sklar, Deputy Commissioner for Disability
Adjudication and Review, SSA
Stephen Goss, Chief Actuary, SSA
Alice Wade, Deputy Chief Actuary for Long-term
Estimates, SSA

SSAB_Staff: Katherine Thornton, Staff Director
Debi Sullivan, Deputy Staff Director
Jeremy Elder, Intern
Joel Feinleib
Peter Flynn, Intern
Beverly Rollins
George Schuette
David Warner

During the course of the day the Board held one fact-finding meeting, a working lunch with the Commissioner of Social Security and SSA's Deputy Commissioner for Disability Adjudication and Review, and met in executive session.

During the fact-finding session the members met with Stephen Goss and Alice Wade for a briefing on the 2011 report of the Trustees of the Social Security and Medicare Trust Funds. The Trustees found that Social Security expenditures exceeded the program's non-interest income in 2010 for the first time since 1983. After 2014, cash deficits are expected to grow rapidly as the number of beneficiaries continues to grow at a substantially faster rate than the number of covered workers. Through 2022, the annual cash deficits will be made up by redeeming Trust Fund assets from the General Fund of the Treasury. Because these redemptions are expected to be less than interest earnings, Trust Fund balances will continue to grow. After 2022, it is projected that Trust Fund

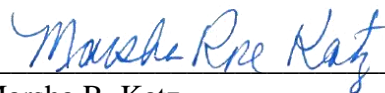
assets will be redeemed in amounts that exceed interest earnings until Trust Fund reserves are exhausted in 2036, one year earlier than was projected last year. Thereafter, it is projected that payroll tax income will be sufficient to pay only about three-quarters of scheduled benefits through 2085.

While the combined OASDI program continues to fail the long-range test of close actuarial balance, it does satisfy the conditions for short-range financial adequacy. Combined Trust Fund assets are projected to exceed one year's projected benefit payments for more than ten years, through to 2035. The Disability Insurance (DI) program, however, satisfies neither the long-range nor short-range tests for financial adequacy. DI costs have exceeded non-interest income since 2005 and Trust Fund exhaustion is projected for 2018; thus changes to improve the financial status of the DI program are needed soon.

At lunch, SSA Commissioner Michael Astrue and Deputy Commissioner Glenn Sklar discussed activities of the Office of Disability Adjudication and Review, including administrative law judge issues. The Commissioner also talked about SSA's budget and the consequences of this year's cuts on staffing, workloads, and stewardship activities.

Throughout the day the Board met briefly in executive sessions and discussed future Board projects, potential topics and guests for upcoming Board meetings, and papers that are currently in progress. The members also discussed the activities of the current Technical Panel on Assumptions and Methods and their plan to meet with them at the September Board meeting.

I certify that the minutes written for the June 15, 2011 meeting of the Social Security Advisory Board are correct.



Marsha R. Katz

Date

Acting Chair

Social Security Advisory Board