

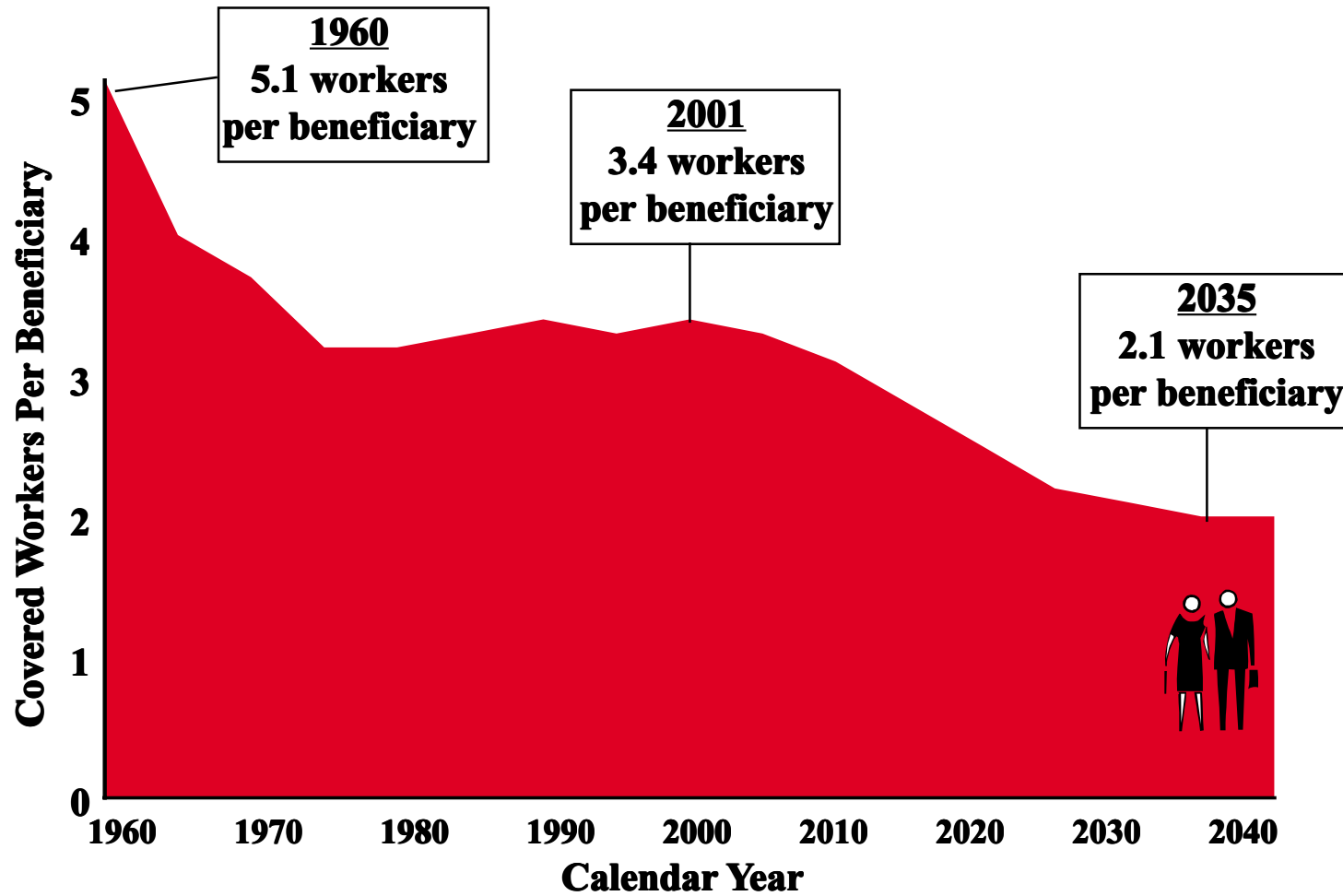
The Concord Coalition



Testimony before the President's Commission to Strengthen Social Security

September 6, 2001

THE NUMBER OF WORKERS PER BENEFICIARY IS FALLING



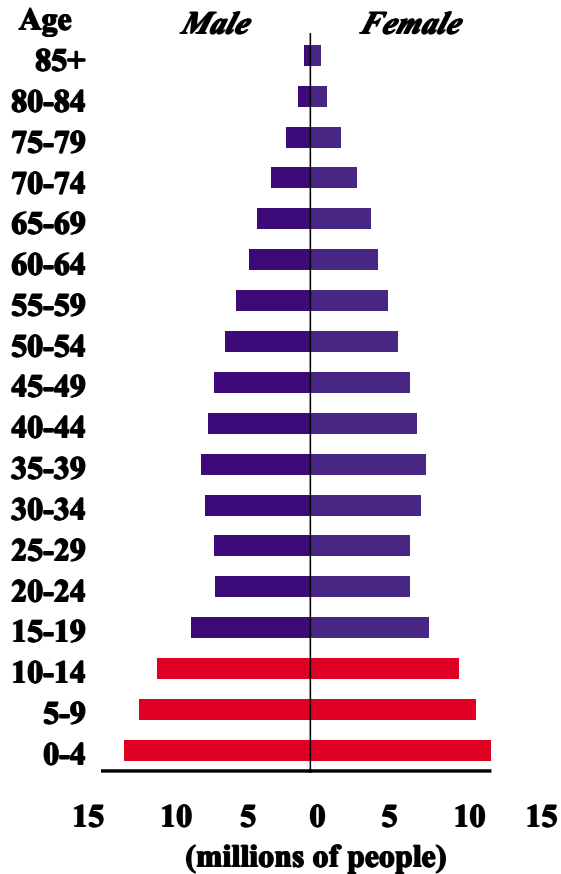
Source: Social Security Trustees' Report, March 2001--Intermediate Projections.

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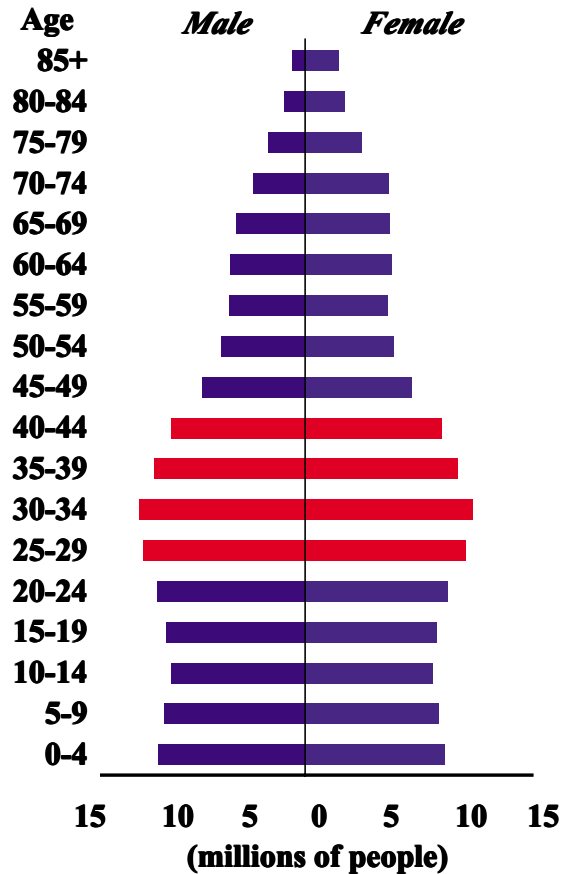


THE BABY BOOMERS AND THE U.S. POPULATION IN 1960, 1990, 2030

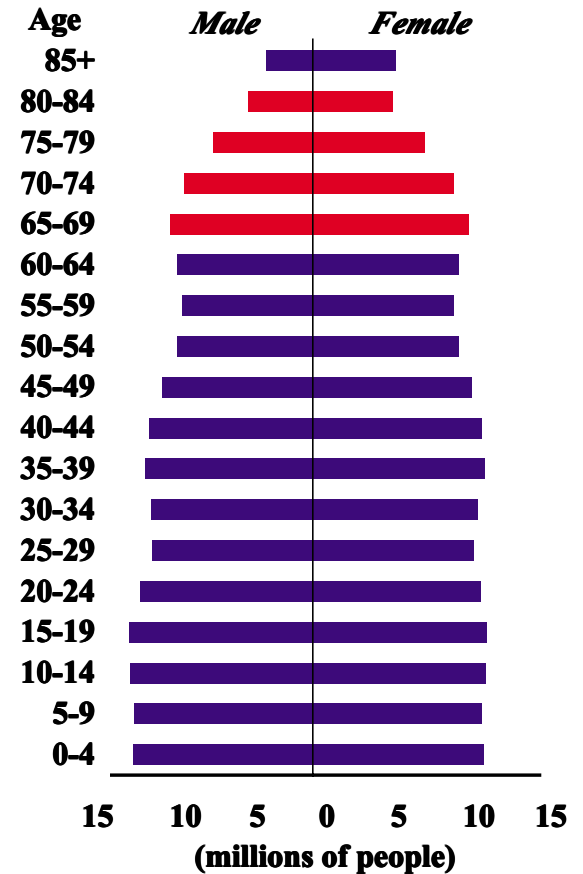
**United States Population in 1960:
Boomers (in red) Arrive
76 Million Strong**



**United States Population in 1990:
Boomers (in red)
Dominate the Workforce**



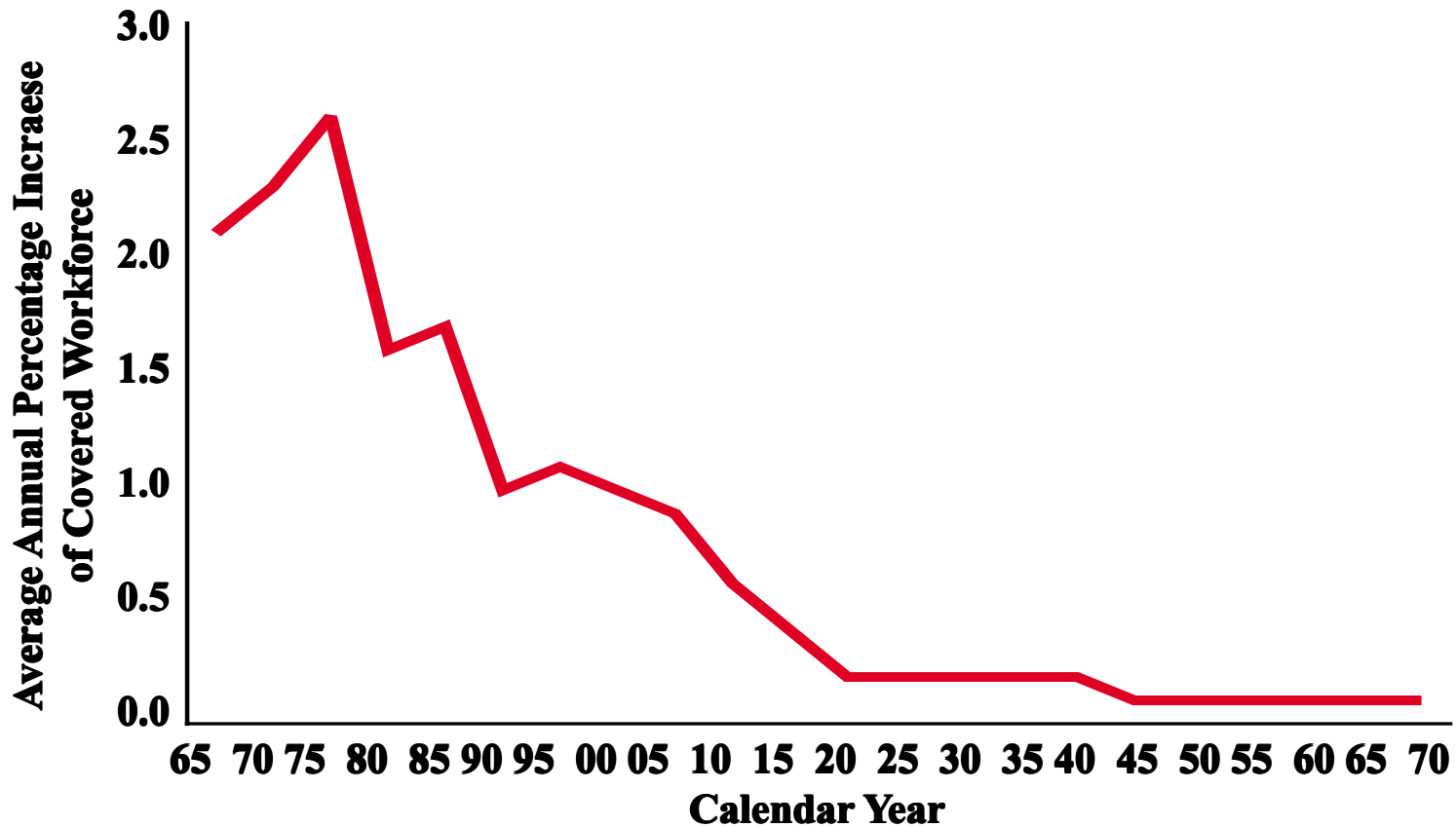
**United States Population in 2030:
Boomers (in red)
in Retirement**



Source: U.S. Census Bureau



U.S. ANNUAL WORKFORCE GROWTH WILL SLOW ALMOST TO A HALT

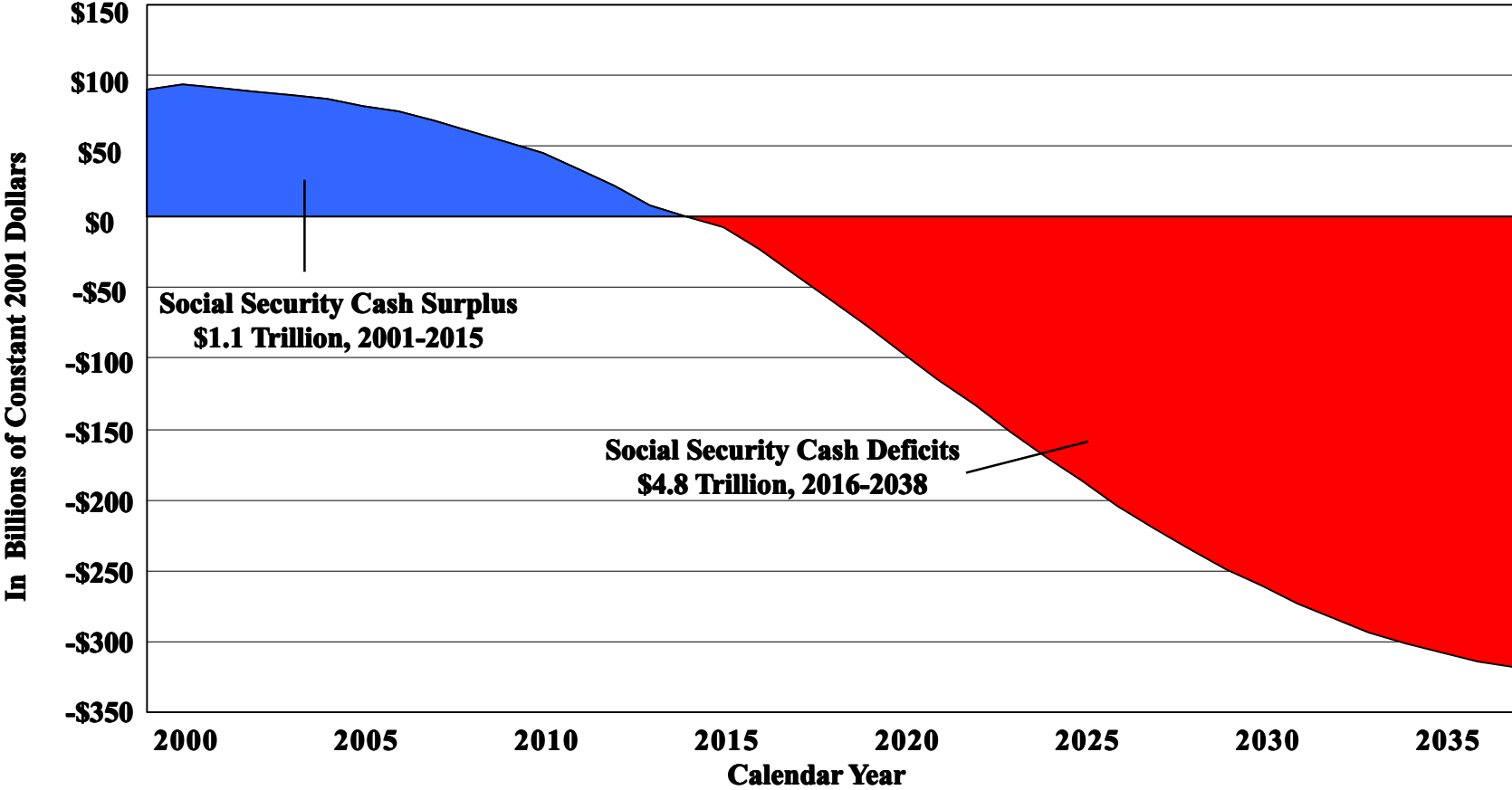


Source: Social Security Trustees' Report (2001)

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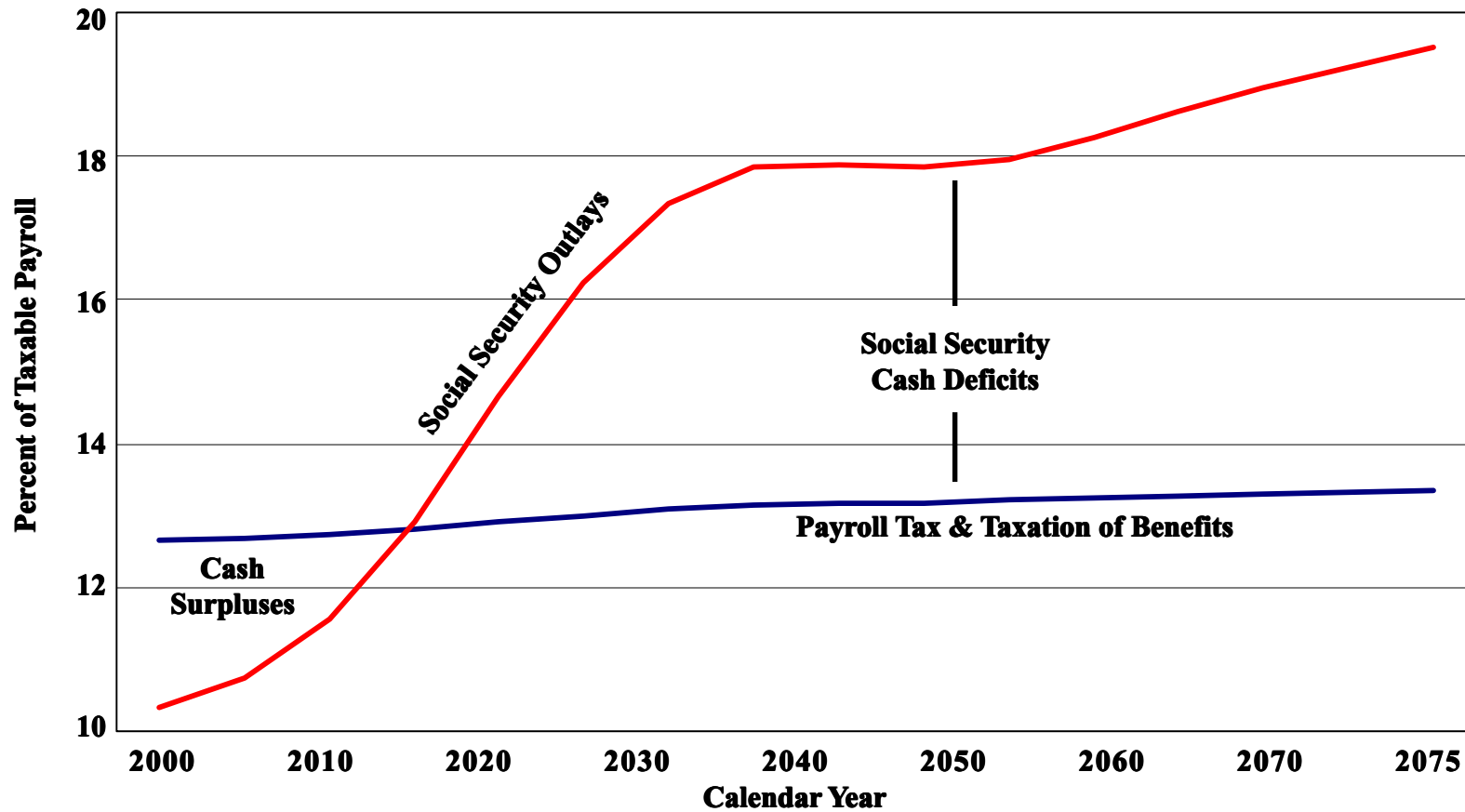
Social Security is Projected to Run a Cash Deficit of Over \$4 Trillion in Today's Dollars Between 2016 and 2038-- the Official Date of Trust Fund Insolvency



Source: Social Security Trustees' Report, March 2001--Intermediate Projections.



BENEFITS PROMISED FAR EXCEED DEDICATED TAX REVENUES

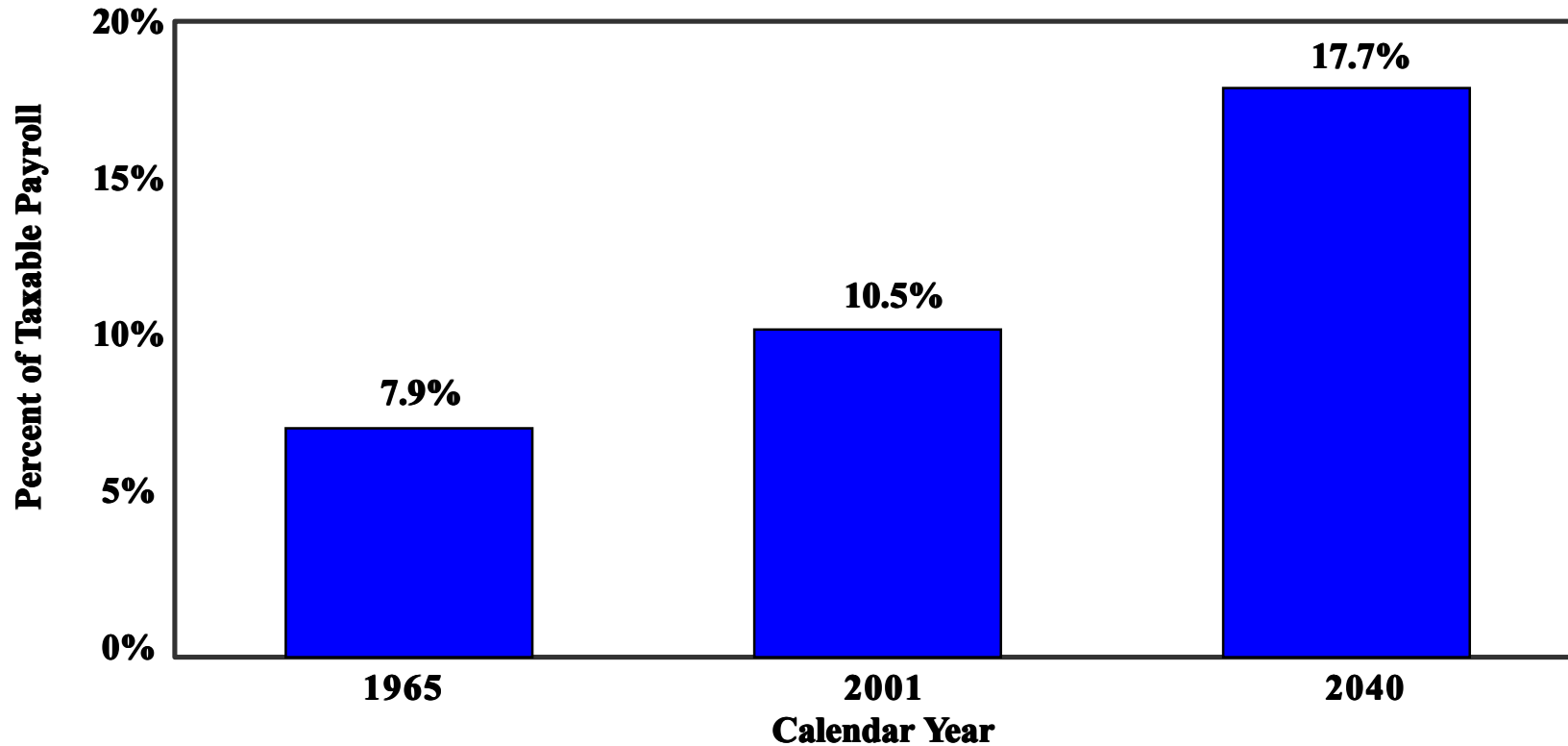


Source: Social Security Trustees' Report, March 2001--Intermediate Projections.



IMPLIED TAX INCREASE UNDER THE CURRENT SYSTEM*

Promised Social Security Benefits, as a Percent of Taxable Payroll



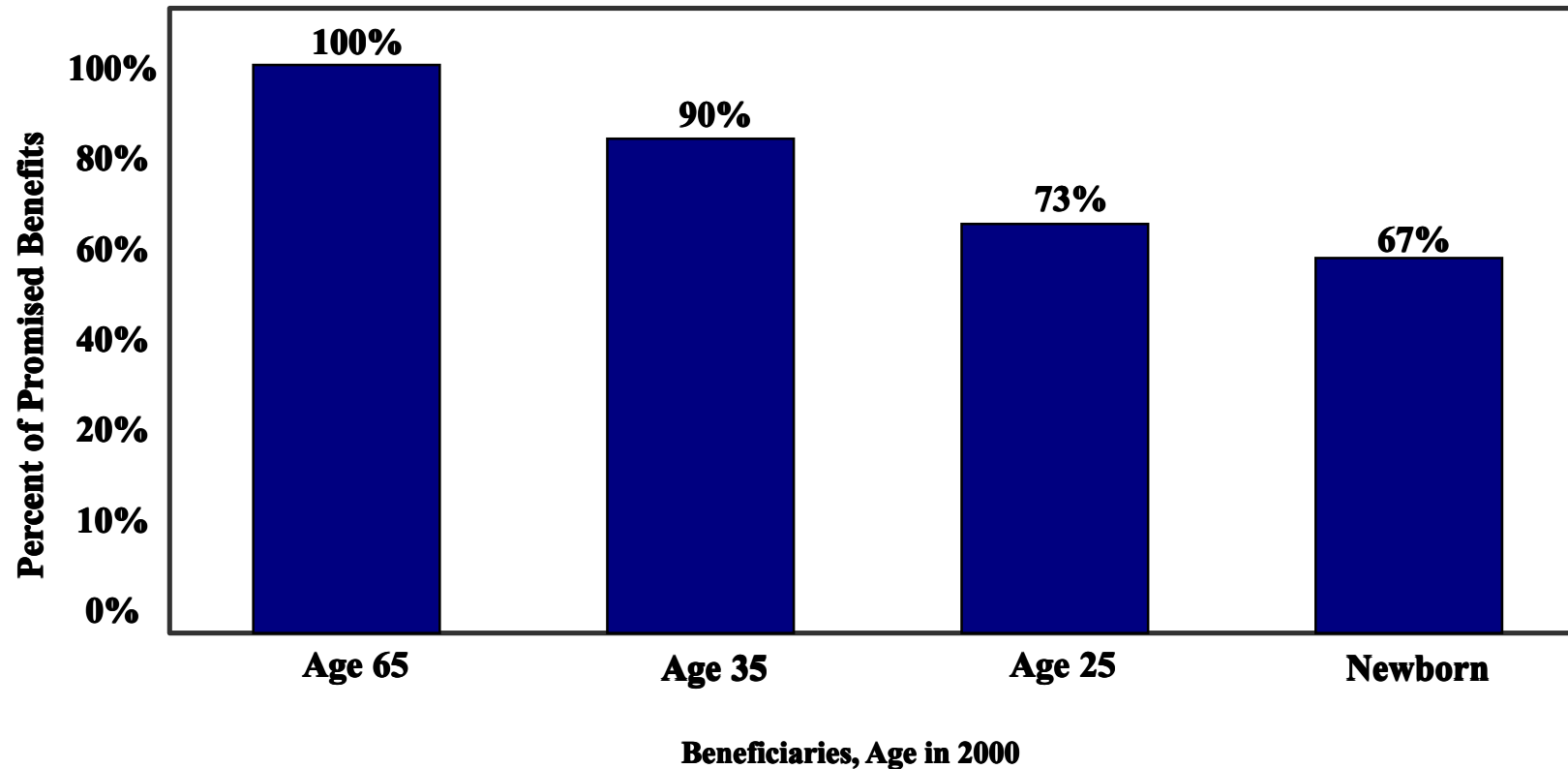
*Assumes no change in the promised benefits.

Source: Social Security Trustees' Report, March 2001--Intermediate Projections.



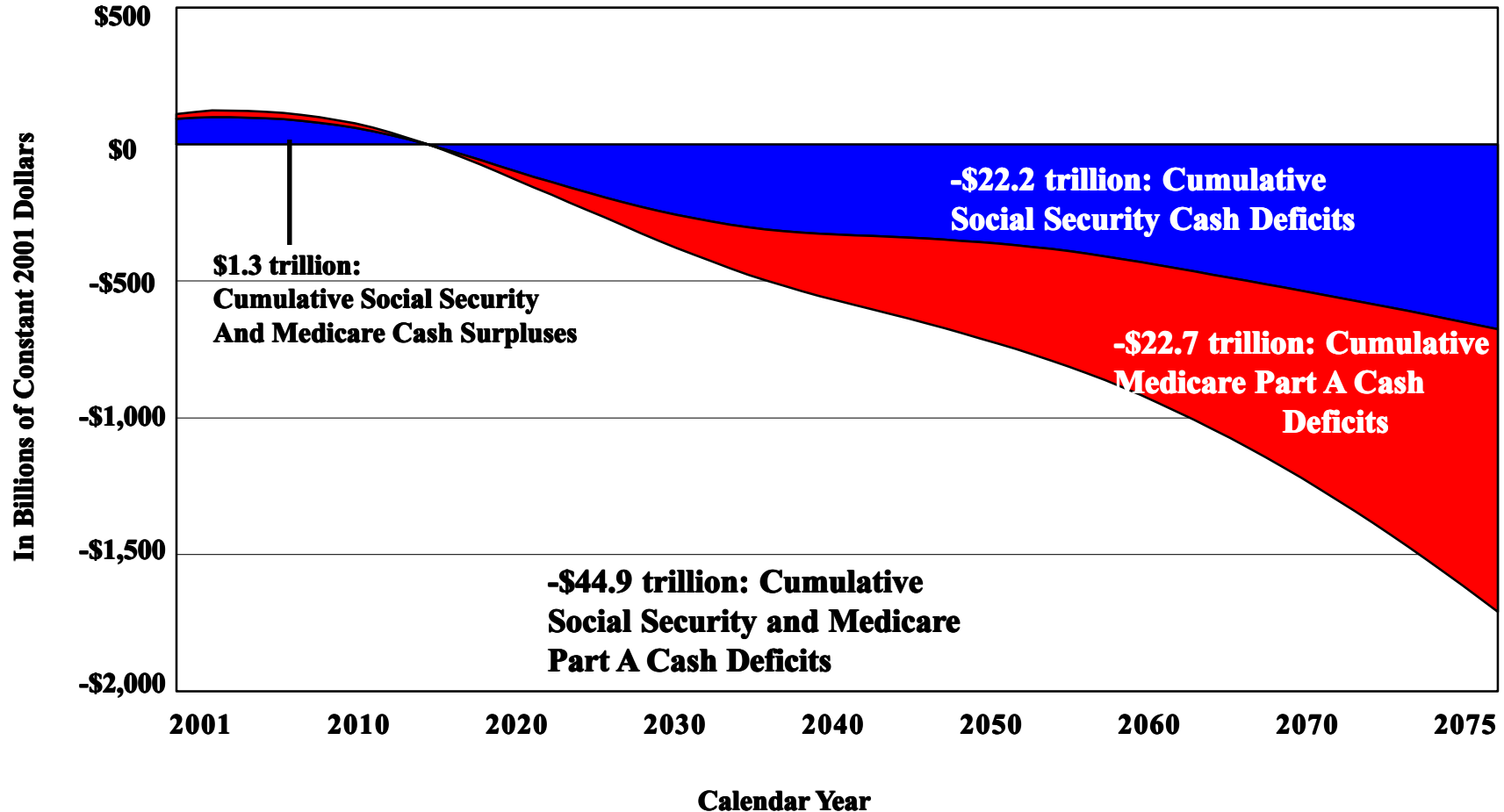
THE IMPLIED BENEFIT CUT IN THE CURRENT SYSTEM*

Affordable Social Security Benefits, as a Percent of Promised Benefits



*Assumes no change in the contribution rates.

SOCIAL SECURITY AND MEDICARE PART A CUMULATIVE CASH SURPLUSES AND DEFICITS IN CONSTANT 2001 DOLLARS 2001-2075



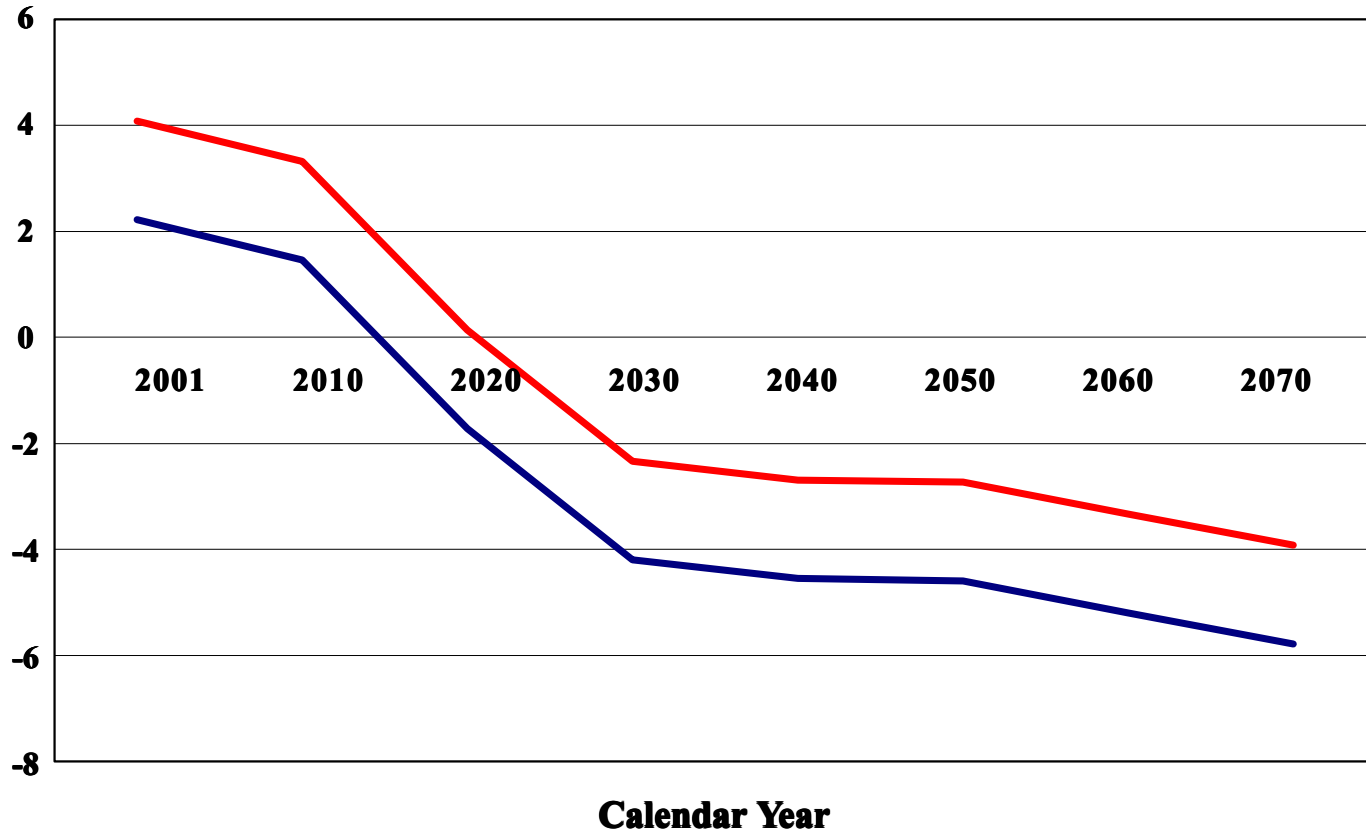
Source: Social Security Trustees' Report, March 2001--Intermediate Projections.



THE MYTH OF THE 1.9 PERCENT SOLUTION

Social Security Cash Balance With and Without a 1.9 Percent Payroll Tax Hike

Annual Cash Balance as a Percent of Taxable Payroll

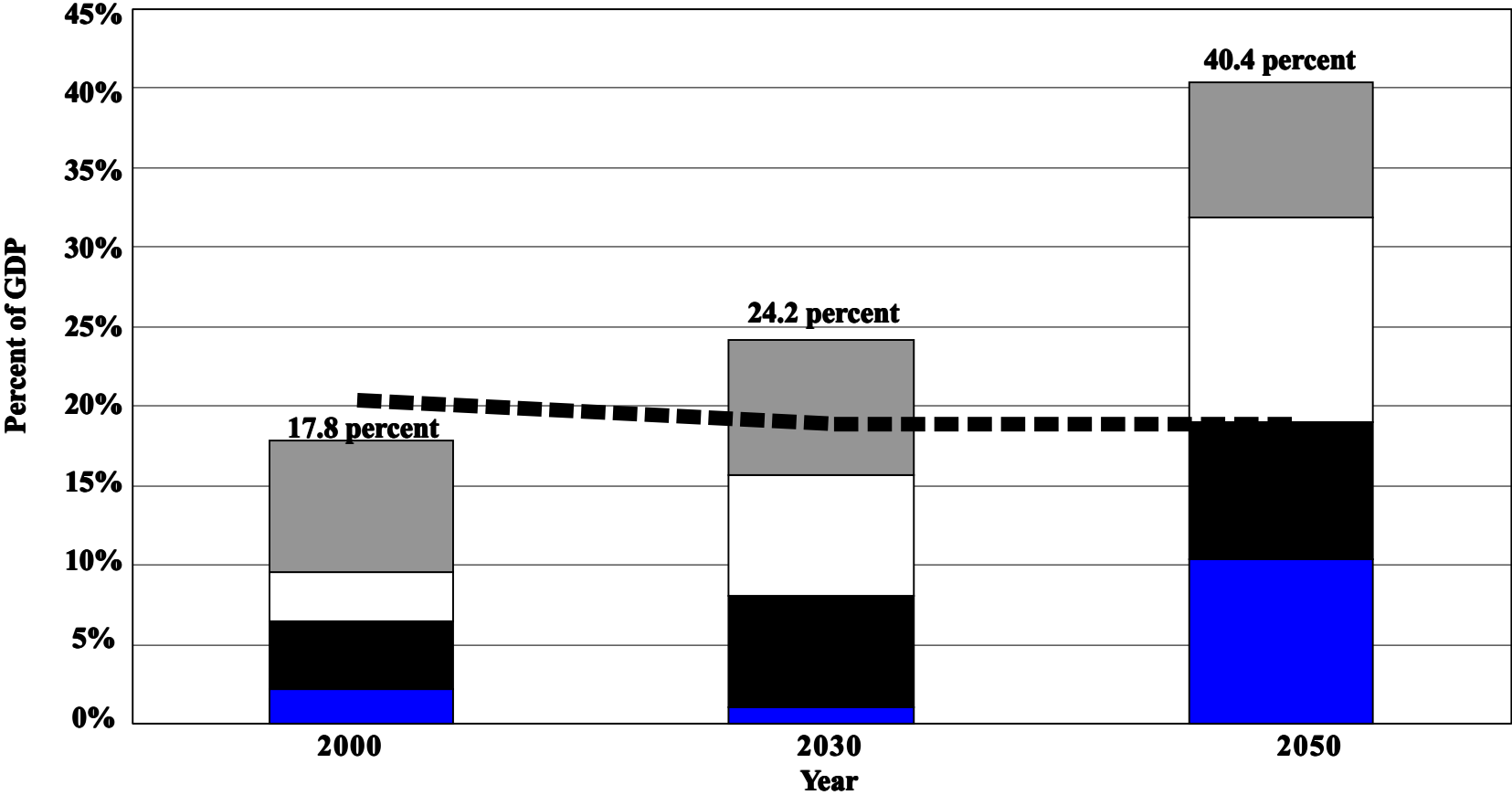


-  **With Additional 1.9%**
-  **Under Current Law**

Source: Social Security Trustees' Report, March 2001--Intermediate Projections.



THE CURRENT TREND IN ENTITLEMENT SPENDING IS UNSUSTAINABLE



- Net Interest
- Social Security
- Medicare & Medicaid
- All Other Spending

Revenue

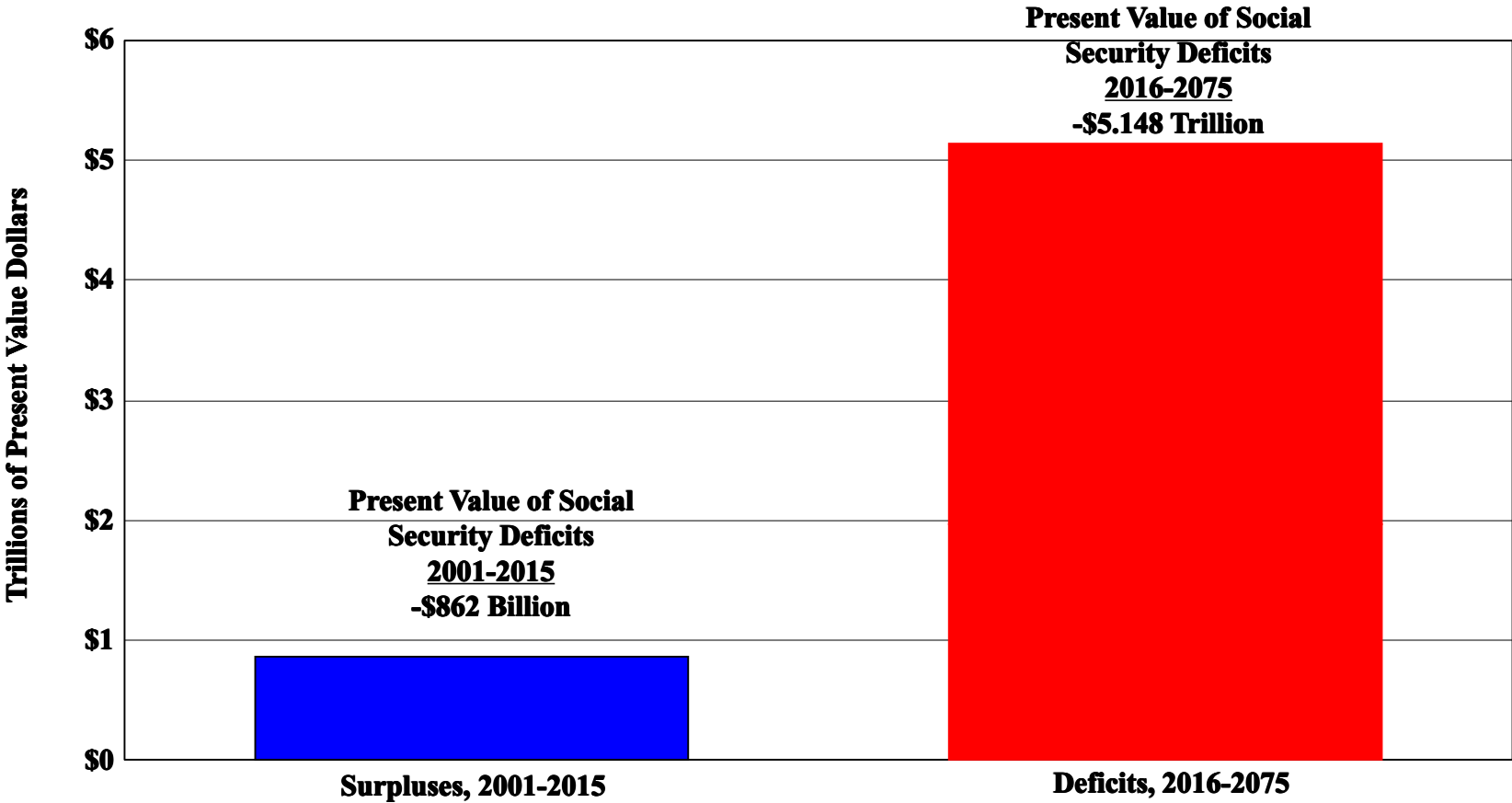
GAO's "Save the Social Security Surpluses" simulation which assumes revenue as a share of GDP declines from its 2000 level of 20.6 percent due to unspecified permanent policy actions. In this simulation, policy changes are allocated equally between revenue reductions and spending increases.

Source: General Accounting Office, March 2001.



WE NEED TO SAVE MORE THAN JUST THE SOCIAL SECURITY SURPLUS

Present Value of Future Social Security Surpluses and Deficits

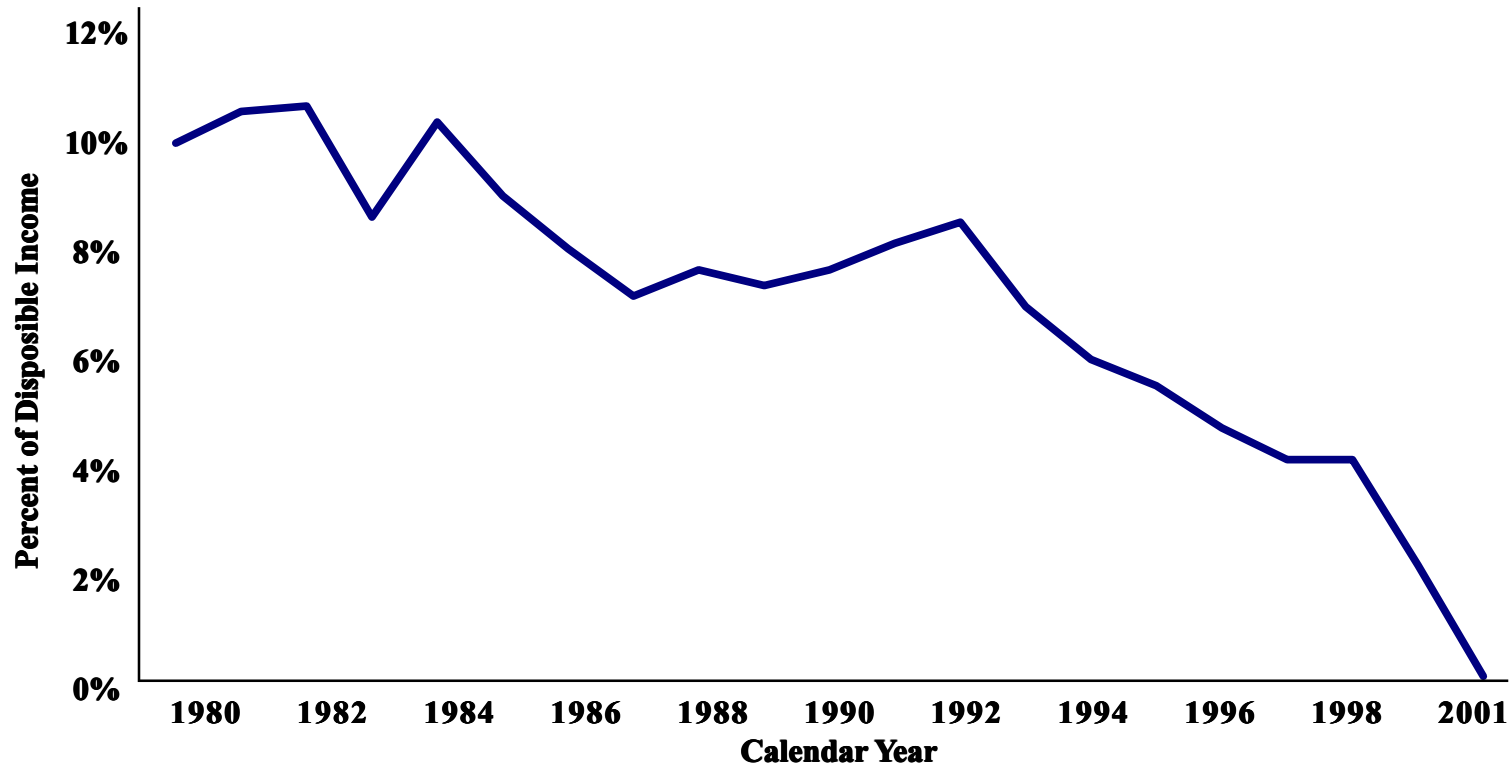


Saving Social Security’s projected surplus will cover 44% of the projected Social Security deficits between 2016 and 2038 and 17% of the projected deficits between 2016 and 2075.

Source: Social Security Trustees’ Report, March 2001--Intermediate Projections.



THE U.S. PERSONAL SAVINGS RATE HAS PLUMMETED TO NEW LOWS

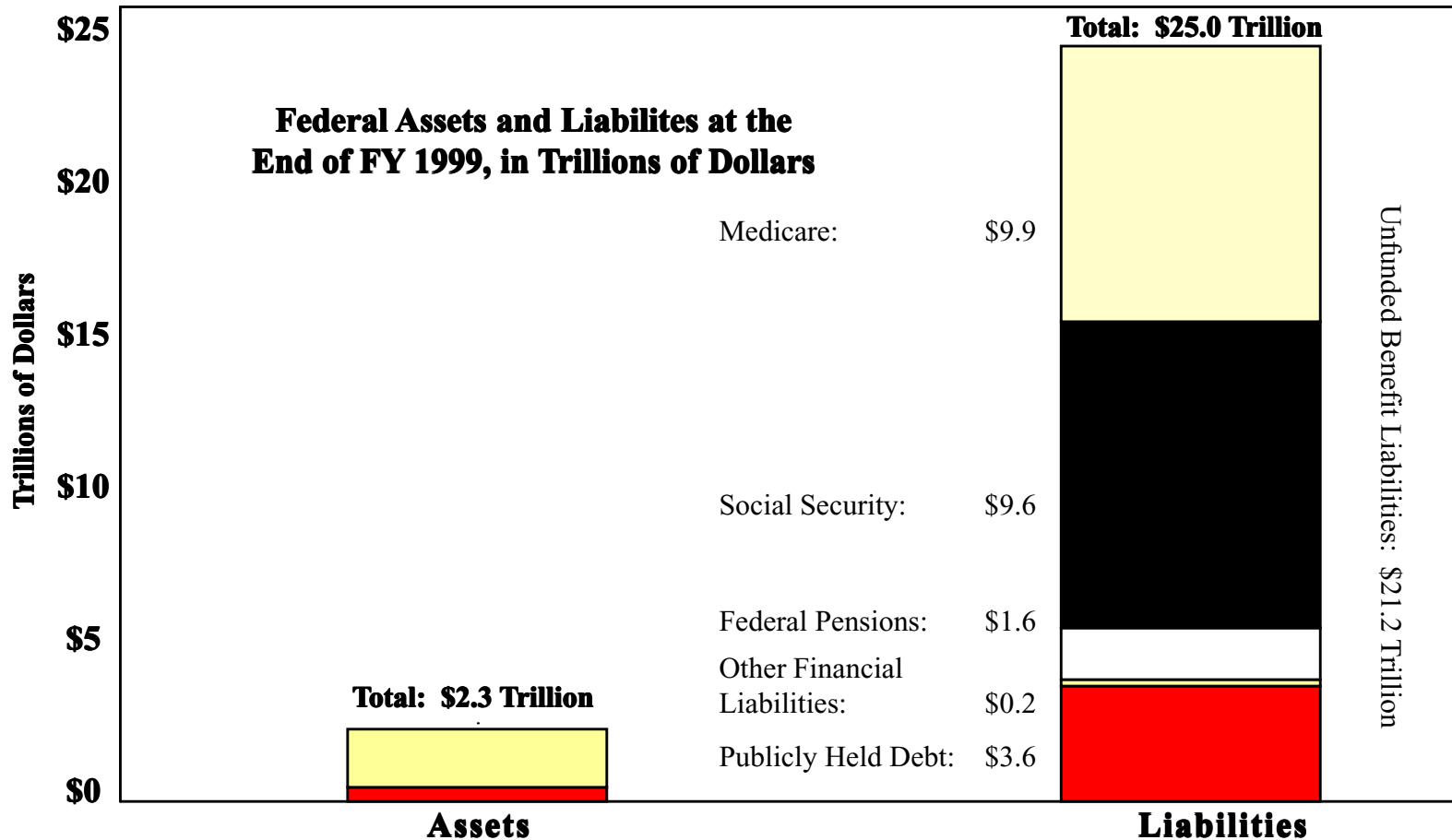


Source: Bureau of Economic Affairs (2001)

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Beyond our Official National Debt, We have Accumulated a \$20 Trillion Mountain of Unfunded Benefit Liabilities.



Source: OMB, SSA, and HCFA.

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