



U.S. SENATE COMMITTEE ON

# Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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Statement of Senator Chuck Grassley, Committee on Finance Hearing  
on the Long-Term Outlook for Social Security  
Wednesday, February 2, 2005

The purpose of today's hearing is to review the long-range financial outlook of the Social Security program. Our witnesses are Stephen Goss, the Chief Actuary of the Social Security Administration, and Douglas Holtz-Eakin, the Director of the Congressional Budget Office. Social Security is probably the most popular government program ever created. Over the last 70 years, it's become part of the fabric of our society. Social Security keeps millions of Americans out of poverty. It's a vital part of the safe and secure retirement we want for every American. We all have a stake in the future of Social Security. That's true whether you're receiving benefits, planning your retirement, or just starting to work. For everybody who's receiving benefits today, Social Security as-you-know-it will not change. You can count on those benefits for the rest of your life. The same can't be said for younger workers. Social Security will not be able to provide the same level of benefits to the next generation, to our nation's children and grandchildren. Social Security as-we-know-it today is unsustainable. It won't be able to pay all of the benefits scheduled under current law.

Both the Social Security Administration and the Congressional Budget Office have prepared long-range projections of the financial status of the Social Security program. There are minor differences in assumptions and methods, but both agencies have concluded that benefit payments will exceed payroll taxes within the next fifteen years. Both agencies say that Social Security will face rising deficits for the foreseeable future. Many people are skeptical of such long-range projections, and that's understandable. But, as we'll hear from our witnesses today, Social Security's future deficits are the result of our nation's changing demographics. The retirement of the 78 million baby boomers – along with rising life expectancies and falling birth rates – has produced a declining ratio of workers to beneficiaries. The current ratio of 3-to-1 will decline to 2-to-1 over the next 35 years. The declining ratio of workers to beneficiaries is not just speculation. All of the people who will contribute to this decline are alive today. The rising cost of Social Security that will result from the coming demographic shift has been well known for more than 25 years. The question facing us today is what should we do about it?

President Bush has declared Social Security reform to be one of his top legislative priorities this year. In response to that call to action, some people have questioned our need to do anything. They seem to think we should wait and see what happens. I don't see that as a responsible thing to do. Seven years ago, President Clinton started a discussion to "Save Social Security First." He talked about the looming fiscal crisis in Social Security, but he dropped the issue and the momentum for a bipartisan solution was lost.

As members of the Senate Finance Committee, we sit in the driver's seat when it comes to mapping out the future for Social Security. We've got an obligation to keep an open mind. If we make a commitment to build a bipartisan consensus, those of us on this Committee can break down the partisan roadblocks that threaten the future of Social Security. If we go to work now, we can make incremental changes that will prevent the need for drastic action, more painful choices in the future. It is part of our responsibilities to address this issue right now, before the situation gets worse. We've got a chance right now to make public policy for the public good.