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Social Security Reform: Bills in the 106th Congress

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ABSTRACT

The Social Security system is projected to have long-range funding problems. Although the system's income currently exceeds its expenditures, its trust funds are projected to be depleted in 2037. Concern about the problem and a belief that the remedy lies partly in economic growth that could be bolstered by changes to the system have led to introduction of a number of bills incorporating varying degrees of reform. This report describes the funding problem in some detail, summarizes many of the reform bills introduced in the 106th Congress, and provides a list of other related CRS reports. It will be updated periodically to reflect new bills and legislative activity.

Social Security Reform: Bills in the 106th Congress

Summary

The Social Security system is projected to have long-range funding problems. Although its income currently exceeds its expenditures, the Social Security Board of Trustees estimates that over the next 75 years the system's expenditures would exceed its income by 14% on average and by 2037 its trust funds would be depleted. This adverse outlook is mirrored by public opinion polls where fewer than 50% of respondents express confidence that Social Security can meet its future commitments. Accompanying this skepticism is a growing perception that the system's benefits will not be as good a value in the future as they are today. These concerns and a belief that the remedy lies partly in economic growth that could be bolstered by changes to the system have led to a large number of reform plans. They range from restoring the system's long-range solvency with as few changes as possible to totally revamping it toward private-sector pension models.

In his State of the Union address on January 27, 2000, the President called for eliminating the federal debt held by the public and crediting the interest savings to the Social Security trust funds. This is similar to measures he proposed last year. In his State of the Union address last year, he outlined a "framework" for dealing with the issues, one which the Administration projected would resolve two-thirds of the system's long-range funding problem. He proposed reserving 62% of the $4.9 trillion overall projected federal budget surpluses of the next 15 years for Social Security — some $2.8 trillion — that would be credited to the Social Security trust funds as a general fund infusion. Part of the infusion would be used to buy stock. In June 1999, he raised his 15-year surplus projection to $5.9 trillion and revised his Social Security plan. It called for creating a budget "lock box" to protect the Social Security portion of the budget surpluses, similar to approaches being considered by Congress, and general fund infusions to the system equal to the estimated interest savings from using the "lock box" surpluses to reduce the outstanding federal debt. The infusions were to be invested in stocks until the stock portion of trust fund holdings reached 15%. On October 26, 1999, he sent draft legislation to Congress reflecting yet another plan. It resembled the June plan, but omitted the part calling for investments in stock. His latest plan, however, renews the call for stock investments. Some 50% of the "interest-derived"infusions to the trust funds would be invested in stocks until the stock portion of their holdings reached 15%. In effect, this proposal is close to the one he recommended in June 1999. It is projected to extend the life of the system until 2054.

Congressional leaders also pledged to make Social Security reform a major priority for the 106th Congress. In the first session, their efforts were directed at setting aside the Social Security portion of the next 10 years' federal budget surpluses pending consideration of reform legislation, bolstered by separate "lock box" measures to protect the set asides. These measures were still pending at the close of the first session. In the current session, following a public statement by President Clinton that he would support repeal of the Social Security earnings test, Congress passed H.R. 5, a bill to allow recipients ages 65 to 69 to work without losing benefits, effective in 2000. The President signed the measure into law on April 7, 2000, as P.L. 106-182.

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Introduction

The Social Security system is projected to have long-range funding problems. Although the system's income currently exceeds its outgo, its board of trustees projects that over the next 75 years the system's expenditures will exceed its income

by 14% on average and by 2037 its trust funds will be depleted.[1] This adverse outlook is mirrored by opinion polls where fewer than 50% of respondents express confidence that the system will pay them their promised benefits. Accompanying this skepticism is a growing perception that Social Security will not be as good a value in the future as it is today. Until recent years, a typical retiree could expect to receive far more in benefits than he or she paid in Social Security taxes. However, because Social Security tax rates have increased to cover the costs of a maturing system, it has become increasingly apparent that the system will be less of a good deal for future recipients.[2] These concerns and a belief that the remedy lies partly in economic growth that could be bolstered by Social Security reforms have led to a number of major proposals, including ones to totally revamp the system toward private-sector pension models.

Others suggest that the issues are not as serious as sometimes portrayed. They point out that there is no imminent crisis, that the system is now running surpluses and is projected to do so for two decades or more, that the public still likes the program, and that there is considerable risk in some of the new reform ideas. They contend that modest changes would resolve the long-range funding problem.

In his State of the Union address on January 19, 1999 and his FY2000 budget request to Congress, the President proposed using $2.8 trillion of some $4.9 trillion in projected federal budget surpluses over the next 15 years to shore up the Social Security system — 21% of this infusion (or nearly $.6 trillion) would be invested in the stock market, the rest would be invested in federal government securities. The proposal was estimated to keep the system solvent until 2059. He further proposed that recipients be allowed to work without losing benefits — through elimination of the Social Security earnings test — and unspecified measures to reduce poverty among elderly women. He also proposed that $.5 trillion of the budget surpluses be used to create new Universal Savings Accounts (USAs) — 401(k)-like savings accounts that individuals would own. These would be intended to supplement Social Security benefits. He stated he would work with Congress to consider additional measures to resolve the entire problem.

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[1] The Social Security Board of Trustees, comprised of three Cabinet Members, the Commissioner of Social Security, and two members representing the public at large, annually projects the long-range financial condition of the Social Security system. Traditionally, the Board uses a valuation period extending 75 years into the future. Although the measure of solvency was refined in 1991 to encompass shorter and more recent periods of valuation, generally long-range solvency — or what is technically referred to as "close actuarial balance" — is assumed to exist if the system's average income over the 75-year period as a whole is projected to be within 95% of its average costs.

[2] To a large extent, the very favorable returns on taxes experienced by the first few decades of Social Security recipients were artificial, stemming from policy decisions to pay relatively large benefits early on while keeping tax rates low. As the system matured, with more people becoming eligible with longer periods of paying taxes, and higher taxes becoming necessary to cover the benefit costs of an expanding eligible population, the ratio of benefits-to-taxes declined. The continued decline in the ratio of workers to retirees is projected to further erode benefit-to-tax ratios for future recipients.

On June 28, 1999, he raised his 15-year surplus projection to $5.9 trillion and revised his Social Security proposal. It called for creation of a budget "lock box" to protect the Social Security portion of the projected budget surpluses, similar to approaches being considered by Congress, and general fund infusions to the Social Security trust funds of $543 billion in the FY2011-2014 period, followed by an indefinite $189 billion per year infusion thereafter. These amounts were estimated to equal the interest savings to the Treasury from using the "lock box" surpluses to reduce outstanding publicly-held federal debt. The infusions were to be invested in stocks until the stock portion of trust fund holdings reached 15%. The plan was projected to keep the system solvent until 2053. On October 26, 1999, the President sent draft legislation to Congress reflecting another plan. It resembled the June plan, but omitted the part calling for investment of the new infusions in stock. It called, instead, for crediting the trust funds with $735.2 billion in federal securities in the FY2011-2015 period, followed by $215.5 billion per year through 2044. The plan was projected to extend the life of the system until 2050. It also called for reserving ⅓ of future budget surpluses for Medicare reform. The draft legislation was introduced by Senators Moynihan (S. 1828) and Daschle (S. 1831) and Representative Gephardt (H.R. 3165).

In his State of the Union address on January 27, 2000 and his FY2001 budget request, the President renewed his call to protect the projected Social Security surpluses, and again proposed that interest savings from eliminating publicly-held federal debt be credited to the Social Security trust funds. Unlike his October 1999 proposal, this one calls for investment of part of these new infusions in stock. Some 50% of the infusions would be invested in stocks until the stock portion of the trust funds' holdings reached 15%. In effect, his latest plan is close to his June 1999 plan. The new trust fund infusions would begin in FY2011. The Social Security Administration's actuaries estimate that they would range from $98.7 billion in FY2011 to $204.9 billion in 2016 and thereafter (with all such infusions ending in 2050), and that plan would extend the life of the system until 2054.

Congressional leaders also have pledged to make Social Security reform a major priority for the 106th Congress. Initial efforts have been directed toward setting aside the portion of the next 10 years' unified budget surpluses attributable to Social Security pending consideration of reform legislation. This would be bolstered by procedural measures designed to discourage tax cuts or spending increases that would dip into the set aside — budget "lock box" measures. These procedural measures were still pending at the close of the first session of the 106th Congress. Hearings also have been held examining the President's plans and other ideas that have been suggested to reform the system.

In the current session, following a public statement by President Clinton early in the year that he would support repeal of the Social Security earnings test, Congress passed H.R. 5 (Representative Sam Johnson), a bill to allow recipients ages 65 to 69 to work without losing benefits effective in 2000. Under the old law, recipients ages 65 to 69 who earned more than $17,000 in 2000 would have lost one dollar in benefits for each three dollars they earned above the limit; there was no loss of benefits once a person reached age 70. Under the new law, recipients age 65 to 69 will receive full benefits beginning with the month they reach age 65, or beginning with January 2000 if the reached age 65 before this year. The President signed the

measure into law on April 7, 2000, as P.L. 106-182. For further details, see CRS Report 98-789.

This report summarizes the various reform bills and other legislation introduced in the 106th Congress. For additional reading on the issues, see the Appendix to this report. Many of the CRS products listed there and links to information from other organizations can be accessed through an on-line Social Security "electronic briefing book" located at the CRS website [http://www.congress.gov/brbk/html/ebssc1.html].

Background

Projected Financing Problem. Currently the Social Security system's income exceeds its outgo. However, the Social Security Board of Trustees projects that on average over the next 75 years the system's expenditures will exceed its income by 14%. The primary reason is demographic: an aging post-World War II "baby boom" generation will begin retiring in less than 10 years and increasing life expectancy is creating an older society. By 2025, the number of people 65 and older is projected to rise by 75%. In contrast, the number of workers whose taxes will finance future Social Security benefits is projected to grow by only 13%. As a result, the ratio of workers to Social Security recipients is projected to fall from 3.4 to 1 today to 2.1 to 1 in 2035 and ultimately to 1.9 to 1 in 2075 (the end of trustees' projection period).[3]

Social Security revenues are paid into the U.S. Treasury and invested in federal securities recorded to the Old Age, Survivors and Disability Insurance (OASDI) trust funds maintained by the Treasury Department (OASDI being the formal title for Social Security). Social Security benefits and administrative costs are paid out of the Treasury and a corresponding amount of securities are written off the trust funds.

The tax surpluses the system is currently generating and the interest the government "pays" to the trust funds on the securities they hold appear as growing trust fund balances. On March 30, 2000, the trustees projected that the balances would grow to a peak of $6 trillion in 2024. After 2024, the trust funds' income would be less than their outgo and the balances would fall. By 2037, the balances would be totally depleted and the system would be technically insolvent.[4]

Although aggregate trust fund surpluses are projected through 2024, the point at which Social Security taxes alone (ignoring interest credited to the funds) would fall below the system's outgo is 2015. Since interest "paid" to the trust funds is simply an exchange of credits among governmental accounts, it does not represent a source of receipts for the government. Only the portion of the trust funds' income represented by taxes provides receipts for the government. Hence, it is in 2015 that surplus Social Security taxes would no longer be available to the government and other resources of the government would be needed to help meet the costs of the system. At that point, in the absence of surplus receipts from the rest of the

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[3] See the 2000 Report of the Board of Trustees of the Federal Old-Age, Survivors and Disability Insurance Trust Funds, Intermediate projections.

[4] The reader should recognize that at that point the system is projected to still be receiving taxes sufficient to cover about 72% of its ongoing costs.

government's operations, policymakers would have three basic choices: raise taxes, cut spending, or borrow money from the public.[5]

Today, the cost of the system — estimated to be $410 billion in 2000 — is equal to 10.34% of the total amount of national earnings subject to Social Security taxation (referred to as taxable payroll). It is projected to rise slowly over the next decade, reaching 11.55% of payroll by 2010. It would then begin a more precipitous rise to 16.24% in 2025 and 17.86% in 2035. This would be near the end of the baby boomers' retirement as those born in 1965 (the approximate end of the baby boom) would be 70 years old in 2035. After that, the system's cost would rise slowly to 19.53% of payroll in 2075. The system's average cost over the entire 75-year period would be 15.4% of payroll or 14% higher than its average income. However, the gap between income and outgo would grow throughout the period and by 2075, income would equal 13.34% of payroll, outgo would equal 19.53% of payroll, and the gap would equal 6.18% of payroll. Simply put, by the end of the projection period, outgo would exceed income by 46%.

Past Financing Problems. The current problem is not unprecedented. In 1983 and in legislation in 1977, Congress enacted a variety of measures to address financing shortfalls similar to those now being forecast. Among them were benefit computation changes, a gradual increase from 65 to 67 in Social Security's "full" benefit age, increases in payroll taxes, partial taxation of the Social Security benefits of higher-income recipients, and extension of coverage to federal and nonprofit employees. (See **Table 1**.) Since then, new long-term deficits have been forecast, resulting from changes in actuarial methods and assumptions, as well as extensions of the 75-year valuation period to later years (which added years of deficits at the back end of the period, while subtracting recent years of surpluses). (See **Figure 1** and **Table 2**.)

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[5] Since the trust funds would still be credited with interest for the securities they hold, from an accounting standpoint their "total" income (tax receipts and interest combined) would exceed their outgo and the use of general governmental resources during the 2015-2024 period would be "making good" on part of the interest due to the funds. Even more general governmental resources would be needed in 2025-2037 period as the balances of the trust funds are drawn down.

Table 1. Measures Enacted in 1977 and 1983 to Shore Up Financial Condition of Social Security System

Measures enacted in 1983	
	Percent of projected 75-year funding gap closed by measure
Raise full benefit age from 65 to 67	34%
Subject up to ½ benefits to income taxes	29%
Cover federal & non-profit employees	18%
Move COLAs from July to January	14%
Other	5%
Funding gap remaining after changes	-0-
Measures enacted in 1977	
Changes in benefit computation rules	58%
Increase in Social Security tax rates	15%
Increase in taxable earnings base	7%
Other	2%
Sub-total of changes	82%
Funding gap remaining after changes*	18%

* The 1977 amendments did not fully resolve the long-range financing problem projected at that time.

Figure 1. Social Security Trust Fund Balances, 1983 and 2000 Projections

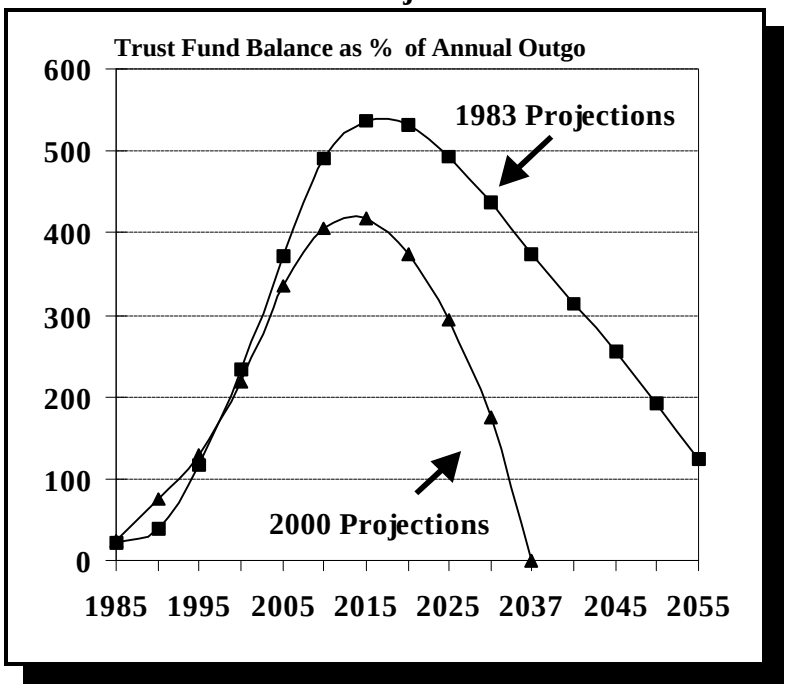

Table 2. Major Assumptions Underlying Long-Range Social Security Projections Made in 1983 and 2000

Long-range assumptions	1983 projections	2000 projections
Annual increase in:		
—wages in covered employment	5.5%	4.3%
—consumer price index	4.0%	3.3%
Unemployment rate	5.5%	5.5%
Annual interest rate	6.1%	6.3%
Fertility rate (births per woman)	2.0	1.95
Life expectancy in 2060 birth):		
At birth (in years):		
—women	84.4	84.1
—men	76.3	79.9
At age 65 (in years):		
—women	23.6	22.0
—men	17.9	19.1
Annual net immigration	400,000	900,000

Source: 1983 and 2000 OASDI Trustees' Report, Intermediate projections.

Expressed as a percent of taxable payroll, the currently projected financing problem of 1.89% of payroll (averaged over the next 75 years) is slightly less than the size as the problem that Congress tackled in 1983 and only about one-fourth the size of the problem addressed in 1977 (see **Table 3** on the next page). The more important difference between the financing problems projected then and now is that the problems in 1977 and 1983 were immediate. The imminent "insolvency" of the trust funds gave political impetus to act on the issue. Today, there is no near-term problem, only a long-term one. In one sense, it makes dealing with the problem harder, because the length of time before the problem emerges gives people a basis to doubt what the projections show (the argument being that long-term projections will inevitably be wrong). On the other hand, the longer time frame until the problem emerges allows for gradual changes to be made to solve it, in lieu of precipitous benefit cuts or tax increases that might be required if insolvency were imminent.

Table 3. Social Security's Long-Range Financing Shortfall Addressed in 1977 and 1983 Compared to That Shown in 2000 Trustees' Report

Year of Projection	Income	Outgo	Deficit	Deficit as Percent of Income
(75-year average in % of payroll)				
1977	10.99	19.19	-8.20	75%
1983	12.29	14.38	-2.09	17%
2000	13.51	15.40	-1.89	14%

Source: 1977 and 2000 OASDI Trustees' Report, Intermediate projections, and projections provided to House Committee on Ways and Means and Senate Committee on Finance, February 1983.

Emerging Calls for Reform

As far back as 1990, Social Security trustees serving under Presidents Bush and Clinton concluded that steps eventually would need to be taken to fix the system. Impetus to move soon was triggered by the 1994/1995 Bipartisan Commission on Entitlement and Tax Reform (better known as the Kerrey-Danforth Commission), which, while failing to get agreement on a specific plan, did conclude that the earlier action was taken the better. This perspective was echoed two years later by the 1994-1996 Social Security Advisory Council, a legislatively-mandated panel convened to study Social Security's long-term problem. It too was unable to agree on a specific plan, but its members also concluded that action needed to be taken soon. Since then, numerous other private and governmental entities, including a new permanent Social Security Advisory Board, the General Accounting Office, the National Association of Manufacturers, the Committee on Economic Development, and the American Academy of Actuaries have come forward urging Congress to take action. Moreover, opinion polls suggest that the public generally sees the need and is in favor of reform soon. However, while a consensus has emerged that action is necessary, there is a wide range of opinion over what should be done.

The 1994/1996 Advisory Council on Social Security. Although the recent Social Security Advisory Council could not agree on a single plan, its 1997 report contained three possible alternatives to restore the system's solvency.[6] The first (the "maintain benefits" plan) would have kept the system's benefit structure essentially in tact by addressing most of the long-range problem with revenue increases (including an eventual rise in the payroll tax) and minor benefit cuts. To close the remaining gap, its proponents suggested that Congress consider authorizing investment of up to 40% of the Social Security trust funds in the stock market. The second (the "individual account" plan) addressed the problem mostly with gradually growing benefit reductions. It also would have required workers to make an extra 1.6% of pay contribution to new personal savings accounts. The third (the "personal security account" plan) proposed a complete redesign of the system that would have

[6] Report on the 1994-1996 Advisory Council on Social Security. Washington, GPO, 1997.

gradually replaced the current earnings-related retirement benefits with flat-rate benefits based on length of service and personal savings accounts funded with a 5% of pay contribution (carved out of the current payroll tax). It would have covered the costs of transitioning to the new system with a 1.52% of pay increase in payroll taxes and government borrowing.

While Congress did not act on any of the Advisory Council's plans, the Council's report and varied plans have served to stimulate public debate. The conceptual approaches they reflect can be found in the many reform bills introduced in the 105th and 106th Congresses as well as in other proposals suggested by private panels and experts.

Reform Bills and Other Proposals. This section briefly summarizes some of the more fundamental reform bills introduced in recent Congresses and proposals suggested by others. A more general list of Social Security-related bills introduced in the 106th Congress is provided in the succeeding section.

During the 103rd Congress, bills were introduced proposing to raise the system's full benefit age to 70, modify cost-of-living adjustments (COLAs), and make other benefit reductions — H.R. 4275 (Pickle), H.R. 4372/H.R. 4373 (Penny), H.R. 5308 (Nick Smith). H.R. 4245 (Rostenkowski) of the 103rd Congress sought a mix of benefit reductions and tax increases. In the 104th Congress, more far-reaching proposals were introduced encompassing not only some of these changes, but also seeking to privatize a portion of the program — S. 818 (Kerrey), S. 825 (Kerrey and Simpson), and H.R. 3758 (Nick Smith). In the 105th Congress more than 30 reform bills reflecting an even wider array of options were introduced.

The largest number of bills to change Social Security introduced thus far in the 106th Congress are measures to alter the program's treatment in the federal budget — more than 40 would do so either by changing how Social Security is viewed and treated in the congressional budget-making process or through constitutional amendments to balance the federal budget without counting Social Security. Included among them is the FY2000 concurrent budget resolution, H.Con.Res. 68 (passed by Congress in April 1999), and the now pending budget resolution for FY2001, H.Con.Res. 290 and S.Con.Res. 101, setting aside the portion of projected budget surpluses attributable to Social Security for the next 10 years pending action to reform the system. Other so-called budget "lock box" measures include amendments to S. 557 (Thompson) pending in the Senate, which would set a statutory limit on publicly-held debt that would decline annually by the amount of Social Security surpluses, and H.R. 1259 (Herger), passed by the House on May 26, 1999, which would create points of order against bills that would use the Social Security portion of budget surpluses for spending increases or tax cuts. The Administration has come forward with its ideas as well (See CRS Report RS20165 for further discussion of Social Security "lock box").

Also prominent are measures to allow aged recipients to earn more without losing benefits. As previously mentioned, following the President's statement that he would sign a "clean" bill eliminating the earnings limit for recipients age 65 to 69, both Houses of Congress passed H.R. 5 (Representative Sam Johnson) unanimously with no other amendments or alterations of the program. The President signed the

bill into law as P.L. 106-182, on April 7, 2000. Under the new law, the earnings limit for this age group was eliminated beginning in the year 2000.

Most of the fundamental reform bills introduced in the current Congress and those aimed at addressing the system's long-range financing problems would alter the system with some combination of benefit restraints and income-producing measures. Most would make some use of the nation's financial markets, either by permitting the creation of new personal savings accounts to supplement or take the place of future Social Security benefits or by requiring or permitting the "collective" investment of the Social Security trust funds in the markets. Some involving the creation of personal accounts would phase-in rapidly, giving workers so-called recognition bonds for their past Social Security taxes, while others call for a long transition.

H.R. 249 (Sanford) and H.R. 874 (Porter) of the 106th Congress would allow workers to divert 8 and 10 percentage points, respectively, of the current Social Security tax rate paid by employees and employers into new personal accounts. Under H.R. 249, workers do so would receive Social Security benefits equivalent to what they would have received had they turned age 62 and retired in the year 2000 and a minimum annual annuity from their new personal accounts (with any remaining balance being available as a personal asset). For those who stay in the existing system, the bill would gradually raise the full benefit age to 70, alter the basic benefit formula to produce lower benefits (i.e., than current law), and reduce annual COLAs and spousal benefits. It also extends Social Security coverage to newly hired state and local government workers. Under H.R. 874, workers opting for the new system would receive Social Security benefits (through recognition bonds) based on their employment record before they joined and a minimum annuity from their new personal accounts. For those remaining in the existing system, the bill would gradually raise the full benefit age to 70 and alter the basic benefit formula to produce lower benefits.

S. 1103 of the 106th Congress (Rod Grams) and H.R. 3683 (Sessions) of the 105th Congress would similarly allow workers to opt for a new system of personal accounts. S. 1103, like H.R. 874, would allow workers to divert 10 percentage points of the current tax rate into the new accounts. Workers age 30 and older would receive recognition bonds for past Social Security taxes. Those choosing the new system could opt back into the old one within 10 years upon repayment of the taxes and any recognition bonds received. Under H.R. 3683, once a worker opted out, his or her portion of the Social Security tax — 6.2% of pay — would be deposited into a new personal account. Employers would continue to pay their share of the tax to the existing system for 15 years, after which they would contribute to the worker's personal account. There would be a 90-day period of dual coverage, after which the worker's Social Security coverage would decline by 20% per year until all protections were forfeited in the 5th year.

S. 21 (Moynihan/Kerrey) of the 106th Congress would put the current system on a pay-as-you-go basis by immediately reducing the tax rate by one percentage point each on workers and their employers, and then raising it later in tandem with the system's future cost. Workers would be given the option of using the tax cut to create new personal accounts. If they did, their employers would have to match their contributions. The bill also would reduce COLAs, increase and extend the taxation

of benefits to all recipients, repeal the currently scheduled increase in the full Social Security benefit age while constraining the future growth in benefits to reflect increasing life expectancy, lengthen the earnings "averaging period" for computing benefits, eliminate the Social Security earnings test (allowing recipients age 62 and older to receive benefits regardless of their earnings), raise the maximum amount of earnings subject to taxation, extend Social Security coverage to all newly hired state and local government workers, and create a new system of personal savings accounts for children under the age of 6, referred to as *kidsave* accounts, funded with contributions by the government.

Senator Phil Gramm has suggested a plan under which workers would be allowed to divert three percentage points of their tax rate into new personal accounts with the government guaranteeing a higher retirement income than would be payable from Social Security alone. The guarantee would apply when a retiree's Social Security benefits plus an annuity from the new personal accounts are less than 120% of current law Social Security benefits. An amount equal to an additional two percent of workers' pay also would be contributed to personal accounts by the Federal government, and the annuities from these contributions would be used entirely to offset the cost of a worker's eventual Social Security benefits. Federal budget surpluses, a partial drawdown of the Social Security trust funds, and higher corporate tax receipts resulting from the potential economic stimulus created by the plan were suggested as ways of covering transition costs. The Senator suggested that the plan would resolve Social Security's funding problems since the personal account annuities would fully or partially offset Social Security benefits. The plan has not yet been introduced in bill form.

Representative Kasich proposed a plan under which a new system of voluntary personal accounts would be coupled with constraints on the growth of the benefit formula such that benefits would rise only at the rate of inflation. Under current rules, future retirees' Social Security benefits are scheduled to rise at the rate of average wages in the economy. Under the proposal, their benefits would rise at the rate of inflation, which historically has risen at a slower pace than wages. This change alone would be expected to bring the system into long-range balance. Under the new personal accounts system, workers under age 55 in the year 2000 could make an irrevocable choice to divert a portion of their Social Security taxes into the accounts, and in return accept a partial reduction in their eventual Social Security benefits. The amount of the diversion would vary with the level of a worker's annual earnings; the smaller the earnings, the larger the diversion rate (with a minimum of 1% of earnings and a maximum approaching 3.5%). The proposal also calls for general fund infusions to the Social Security trust funds to help cover transition costs. This plan too has not yet been introduced in bill form.

H.R. 3206 (Nick Smith) of the 106th Congress would allow workers to put 2.5 percentage points of their Social Security taxes into new personal accounts for the next 25 years, 2.75 percentage points from 2026 to 2038, and an amount thereafter based on the yearly excess of aggregate Social Security revenue over expenditures. At retirement, each participant's Social Security benefits would be reduced by the amount of a hypothetical annuity derived from their accounts. The bill would alter the existing system by accelerating the scheduled increase in the full benefit age to 67 for those born in 1949, thereafter increasing it by 1 month every 2 years, and make

changes to the basic benefit formula to produce lower *initial* benefits such that ultimately there would be nearly a single-rate benefit formula. It also would raise benefits for surviving spouses by 10% beginning in 2001, increase the "delayed retirement credit" to 8% per year beginning in 2000 (instead of in 2008 as scheduled under current law), extend Social Security coverage to newly hired state and local government workers, eliminate the Social Security earnings test for recipients age 62 and older, and make general fund infusions to the trust funds equal to non-Social Security budget surpluses for FY2001-FY2009 and for a portion of the costs of Disability Insurance.

S. 588 (Bunning) of the 106th Congress would allow workers to initially divert 2.5% of their taxes into new accounts with the diversion amount rising to up to half of their taxes over 20 years. Workers opting to do so would be required to take a 50% reduction in their eventual Social Security benefits. Retirees would be required to draw down at least 75% of their personal account accumulations in the form of an annuity or other monthly payment based on their life expectancy.

Patterned after recommendations made by the National Commission on Retirement Policy, an independent panel comprised of Members of Congress, business leaders, economists, and other experts in the pension field, S. 2313 (Gregg/Breaux) and H.R. 4256/H.R. 4824 (Kolbe/Stenholm) of the 105th Congress would have mandatorily diverted two percentage points of the workers' tax rate into new accounts (for those under age 55 upon enactment). They would have raised the existing system's income by extending Social Security coverage to newly hired state and local government workers and crediting proceeds from the current income tax on benefits that now go to the Medicare Hospital Insurance trust fund to the Social Security trust funds. They would have reduced its outgo by raising the early and full benefit ages gradually to 67 and 70, thereafter increasing them by 2 months every 3 years, altering the basic benefit formula to produce lower benefits, reducing the dependent spouse's benefit, lengthening the earnings averaging period for computing benefits, and reducing Social Security COLAs. The bills also called for a new system of minimum Social Security benefits, ending the Social Security earnings test for recipients at or above the full benefit age, and creating new voluntary incentives for personal savings.

Representatives Kolbe and Stenholm introduced a revised proposal in the 106th Congress, H.R. 1793. While retaining many of the same provisions of H.R. 4256 and H.R. 4824 (including the two percentage point tax mandatory "carve out" for new personal accounts and a new but revised minimum benefit), the new bill does not contain measures extending Social Security coverage to state and local government workers and reducing the dependent spouse's benefit. It also revises the provisions of the previous bills affecting the early and full benefit age, such that after the full benefit age rises to 67 in 2011, both it and the early benefit age would rise more slowly than under the previous bills (i.e. by one month every two years). It adds two new benefit formula constraints to the package: (1) limiting the future growth in benefits to reflect increases in life expectancy (similar to approach taken in S.21) and (2) constraining the growth of the middle and upper brackets of the formula (these two constraints would be additive, not separate). It also revises voluntary savings provisions in the previous bills by adding government matching contributions for low-income workers. In addition, to assist with program financing, it calls for general

fund infusions to the Social Security trust funds rising from amounts equal to 0.4% of pay in 2000 to 0.8% in 2060 and thereafter.

Senators Gregg and Breaux (along with 5 other co-sponsors) also introduced a revised plan, S. 1383. It only raises the full benefit age to 67 (albeit somewhat faster than current law and with greater reductions and increases for early and delayed retirement) and does not increase the earliest eligibility age. In lieu of such changes proposed in their previous bill, it contains a provision similar to that of S. 21, constraining the growth of the system's benefit formula to reflect increasing life expectancy. It would retain a two percentage point mandatory tax "carve out" for new personal accounts, however, in contrast to their previous bill, some or all of the annuities from these accounts would cause a reduction in future Social Security benefits. In addition, it would not create a new minimum benefit but instead revises the basic benefit formula to tilt it more heavily toward low-wage workers. The new package also calls for creation of "kidsave" accounts similar to those of S. 21 (with half of the eventual "kidsave" annuities causing a reduction in Social Security benefits), and it revises voluntary savings provisions in the previous bill by adding a government contribution and matching rate for low-income workers. To assist with program financing, it would raise the maximum amount of earnings subject to Social Security taxation and authorize general fund infusions to the Social Security trust funds rising from amounts equal to 0.6% of pay in 2000 to 1.2% in 2060 and thereafter. As with H.R. 1793 (Kolbe/Stenholm), this new package excludes provisions extending Social Security coverage to state and local government workers and reducing the dependent spouse's benefit.

H.R. 250 and H.R. 251 (Sanford) of the 106th Congress would mandatorily divert one percentage point of the workers' share of the tax rate on into new personal accounts (for those under age 55 upon enactment) managed by the Treasury in the same manner as the federal workers' Thrift Savings Plan (with the same investment options) or by banking institutions. Future Social Security benefits would be scaled down to reflect the annuity value of the account accumulations. They also gradually raise Social Security's early and full retirement ages to 67 and 70, respectively, for those born in 1967, thereafter increasing them by about 1 month every 2 years, and reduce COLAs.

Economists Martin Feldstein and Andrew Samwick have suggested a personal accounts system funded with federal budget surpluses allocated to workers at a rate equal to 2% of their pay. Under their plan, withdrawals from the accounts would cause a partial reduction in Social Security benefits; i.e., for every $1 withdrawn, $.75 in Social Security benefits should be forfeited. In this way, the build up of the accounts would lead to an eventual reduction in the existing system's cost while enhancing future retirees' income. They claim the proposal would make the existing system solvent in the long run.

A related approach suggested by Representatives Archer and Shaw would establish a personal accounts system (referred to as Social Security "guarantee accounts") funded with indefinite government contributions equal to 2% of pay. The government would establish the accounts for all workers who pay Social Security taxes. However, workers' Social Security taxes would be unaffected, since the funding of the accounts would be through refundable tax credits (the accounts would

be effectively funded with general revenues). The accounts would be managed by selected investment companies with portfolios containing a 60/40% split of equities and corporate bonds. Upon entitlement to Social Security, an amount equal to a "life annuity" would be transferred monthly from each worker's account to the Social Security system, and the higher of current law Social Security benefits or the life annuity would be paid to the recipient (in effect, the annuity payment would fund a portion or all of the Social Security benefit depending on its size). The account balances of deceased recipients would be used to finance Social Security benefits of any eligible survivors or would otherwise revert to the Social Security trust funds. The account balances of workers who die before entitlement with no eligible survivors would become part of the worker's estate. The proposal also would eliminate the Social Security earnings test for recipients age 62 and older and liberalize Social Security survivor benefits for two-earner couples (the Social Security benefits of the surviving spouse would be equal to 2/3rds of the combined benefits they formerly received as a couple). The plan has not yet been introduced in bill form.

Following the theme of the "maintain benefits" plan of 1994-1996 Social Security Advisory Council, three other approaches would attempt to close the system's funding gap without altering Social Security benefits or creating new personal accounts. Reflecting in part the original "framework" for reform proposed by the President in January 1999, H.R. 1043 (Nadler) in the 106th Congress would credit the trust funds with $2.8 trillion of the then projected $4.9 trillion in federal budget surpluses over the next 15 years as a general fund "infusion," using 40% of such amounts to buy stocks (about $1.1 trillion worth). It also would raise the maximum amount of earnings subject to Social Security taxation. H.R. 2039 (Stark) would credit the Social Security trust funds with annual general fund infusions equal to 2.07% of taxable payroll (about $75 billion per year in 1999 dollars), an amount equivalent to the average long-range funding gap projected in the 1999 trustees' report. S. 1376 (Hollings) calls for the creation of a new source of federal revenue — a 5% value added tax — that would be used to retire the federal debt and help shore up the Social Security trust funds.

Other more limited approaches embody the concept of expanding the investment policies of the program; more specifically, by creating a board empowered to invest Social Security funds in stocks as well as federal bonds. The idea is that a managed fund that took advantage of investment yields from stocks would raise the income of the trust funds. This is incorporated in both the President's latest reform plan and original January 1999 "framework" for reform, which as previously mentioned would have credited the trust funds with general fund infusions, part of which was to be used to buy stocks. It also is similar to approaches suggested in H.R. 633 and H.R. 990 (Bartlett), H.R. 871 (Markey), H.R. 1043 (Nadler), and H.R. 2717 (DeFazio) in the 106th Congress and H.R. 336 (Solomon) of the 105th Congress, and to proposals of former Social Security commissioner, Robert Ball, and Brookings economists, Henry Aaron and Robert Reischauer.

Not all proposals attempt to close the system's funding gap. S. 263 (Roth) of the 106th Congress and H.R. 3456 (Kasich) and S. 2369 (Roth) of the 105th Congress would create personal savings accounts funded with federal budget surpluses that would be considered supplements to Social Security. These proposals assume no changes to the existing system. The expressed view is that the Social Security system

will have to be changed at some point, and the creation of these accounts could help fill the gap in benefits caused by those eventual changes. A similar measure to create *universal savings accounts* (USAs) using a portion of the budget surpluses is incorporated in President's 1999 reform framework. In a detailed plan announced on April 14, 1999, he proposed a progressive system of automatic government contributions, with a further progressive government match when a worker makes a voluntary contribution (progressive in the sense that the lower a worker's income, the larger the automatic contribution and matching rate).

Also embedded in all of the President's reform plans and, to a more limited extent in H.R. 147 (Ralph Hall) and H.R. 160 (Royce) in the 106th Congress and H.R. 2191 (Neumann) in the 105th Congress, is a proposal to buy up federal securities in the financial markets (i.e., outstanding publicly-held federal debt) and credit an equivalent amount of federal securities to the Social Security trust funds. The various bills introduced simply call for replacement of the trust funds' non-marketable securities with marketable federal ones. The President's January 1999 plan called for crediting $2.2 trillion of such to the trust funds over the next 15 years as a general fund infusion. His revised June 1999 plan would have credited the trust funds only with interest savings from buying up federal securities, first in the form of stocks, and then in the form of federal securities (i.e., once the trust funds' holdings in stocks reached 15% of the total). In his October 1999 plan, all of the trust fund infusions (again representing interest savings from retiring federal debt) would have been in the form of federal securities. His latest plan, reflected in his FY2001 budget request, resembles the June 1999 plan calling for 50% of the "interest-derived" infusions to be invested in stock until the trust funds' holdings in stocks reached 15% of the total.

Social Security Bills Introduced In 106th Congress

Table 4 beginning on the next page lists many of the bills introduced in the 106th Congress affecting Social Security. It is a relatively comprehensive but not an all-inclusive list. The bills shown are confined to those that would reform the system or otherwise address its financing problems, change its budget status, or have notable cost or revenue effects. They have been grouped into categories reflecting their general nature.

Table 4. Social Security Bills in 106th Congress

General Nature of Bill					
Attempts to restore solvency of current system		**Creates new voluntary or mandatory system of personal accounts in place of part of current system**		**Creates personal accounts, but does not alter current system**	
H.R. 1 (reserved for President's bill)	Hastert	H.R. 249	Sanford	S. 263	Roth
H.R. 249	Sanford	H.R. 250	Sanford		
H.R. 250	Sanford	H.R. 251	Sanford		
H.R. 251	Sanford	H.R. 874	Porter		
H.R. 1043	Nadler	H.R. 1793	Kolbe		
H.R. 1793	Kolbe	H.R. 1897	Petri		
H.R. 2039	Stark	H.R. 3206	Nick Smith		
H.R. 2717	DeFazio	S. 21	Moynihan		
H.R. 3206	Nick Smith	S. 588	Bunning		
H.R. 3165	Gephardt	S. 1103	Grams		
S. 21	Moynihan	S. 1383	Gregg		
S. 588	Bunning				
S. 1103	Grams				
S. 1376	Hollings				
S. 1383	Gregg				
S. 1828	Moynihan				
S. 1831	Daschle				
Alters system's investment policies		**Alters Social Security's budget treatment (including "lock box" bills)**		**Alters Social Security's disability provisions**	
H.R. 147	Hall	H.R. 37	Livingston	H.R. 401	Mink
H.R. 160	Royce	H.R. 74	Bilbray	H.R. 545	N. Johnson
H.R. 219	Paul	H.R. 167	Klink	H.R. 631	N. Johnson
H.R. 633	Bartlett	H.R. 196	Minge	H.R. 1091	Hulshof
H.R. 871	Markey	H.R. 343	Andrews	H.R. 1107	Watkins
H.R. 990	Bartlett	H.R. 420	Nick Smith	H.R. 1180	Lazio
H.R. 1043	Nadler	H.R. 563	Adam Smith	H.R. 3280	Mink
H.R. 1268	Gary Miller	H.R. 656	Stearns	S. 86	Bunning
H.R. 2717	DeFazio	H.R. 685	Moore	S. 285	McCain
S. 633	Ashcroft	H.R. 853	Nussle	S. 331	Jeffords
		H.R. 863	Herger		

General Nature of Bill					
Alters system's investment policies — cont'd:		**Alters Social Security's budget treatment (including "lock box" bills) — cont'd:**		**Alters Social Security's disability provisions — cont'd:**	
		H.R. 1157	Herger		
		H.R. 1259	Herger		
		H.R. 1803	Kasich		
		H.R. 1927	Holt		
		H.R. 3012	Barton		
		H.R. 3165	Gephardt		
		H.R. 3175	Minge		
		H.R. 3206	Nick Smith		
		H.R. 3695	Toomey		
		H.R. 3859	Herger		
		H.Res. 18	Pascell		
		H.Res. 98	Ryan		
		H.Res. 302	Herger		
		H.Res. 306	Herger		
		H.J.Res. 40	Traficant		
		H.J.Res. 53	Istook		
		S. 8	Daschle		
		S. 27	Feingold		
		S. 359	Grams		
		S. 502	Ashcroft		
		Amendments to S. 557	Thompson		
		S. 588	Bunning		
		S. 605	Hollings		
		S. 862	Lautenberg		
		S. 1097	Enzi		
		S. 1168	McCain		
		S. 1693	Grams		
		S. 1768	Abraham		
		S. 1828	Moynihan		
		S. 1831	Daschle		
		S. 1889	Grams		
		S. 1962	Ashcroft		
		S. 2001	Grams		

General Nature of Bill					
Alters system's investment policies — cont'd:		**Alters Social Security's budget treatment (including "lock box" bills) — cont'd:**		**Alters Social Security's disability provisions — cont'd:**	
		S. 2126	Grams		
		S. 2220	Allard		
		S.J.Res. 5	Gramm		
		S.J.Res. 13	Abraham		
		S.J.Res. 38	Voinovich		
Liberalizes or eliminates Social Security earnings or retirement test[a]		**Repeals some or all of taxation of Social Security benefits**		**Addresses Social Security "notch" issue[b]**	
H.R. 5	S. Johnson	H.R. 48	Stump	H.R. 120	Emerson
H.R. 47	Stump	H.R. 107	Knollenberg	H.R. 122	Emerson
H.R. 107	Knollenberg	H.R. 291	Sweeney	H.R. 148	Hall
H.R. 288	Sweeney	H.R. 688	Salmon	H.R. 538	Clement
H.R. 519	Gilman	H.R. 761	Forbes	H.R. 568	Wexler
H.R. 1084	Dunn	H.R. 3437	Nadler	H.R. 1771	Emerson
H.R. 1793	Kolbe	H.R. 3438	Nadler	S. 390	Reid
H.R. 2020	N. Johnson	H.R. 3857	Franks, Bob		
H.R. 2698	Dreier	S. 137	Kyl		
H.R. 3206	Nick Smith	S. 286	McCain		
H.R. 3599	Nick Smith	S. 482	Abraham		
S. 21	Moynihan	S. 488	Grams		
S. 279	McCain	S. 2180	Abraham		
S. 1160	Grassley	S. 2304	Shelby		
S. 1168	McCain				
S. 1383	Gregg				
S. 1440	Gramm				
S. 2074	Ashcroft				
S. 2085	Lugar				
S. 2086	Lugar				
Liberalizes "windfall" benefits provision[c]		**Liberalizes "government pension offset" provision[d]**		**Authorizes benefits for the month of death[e]**	
H.R. 742	Sandlin	H.R. 1217	Jefferson	H.R. 163	Holden
H.R. 860	Frank	H.R. 1590	Gejdenson	H.R. 287	Sweeney
		S. 8	Daschle	H.R. 3890	Mink
		S. 717	Mikulski	S. 786	Mikulski

General Nature of Bill					
Provides an income tax deduction for payment of Social Security taxes		**Expresses sense of Congress about Social Security issue**		**Budget resolutions**	
H.R. 105	Knollenberg	H.R. 245	Sanford	H.Con.Res. 68	Kasich
H.R. 1458	Nethercutt	H.Res. 34	DeLauro	S.Con.Res. 20	Domenici
S. 807	Ashcroft	H.Res. 48	Ryan	S.Con.Res. 290	Kasich
		H.Res. 93	Nadler		
		H.J.Res. 32	Ryan		
		H.Con.Res. 101	Mark Green		
		H.Con.Res. 155	Schaffer		
Requires that Social Security benefits be made a "legally-enforceable guarantee"		**Revises Consumer Price Index (CPI) for purpose of altering Social Security COLAs**		**Alters Social Security taxes for purposes other than to restore solvency**	
S. 1102	Grams	H.R. 2180	Weiner	H.R. 1099	Owens
		S. 1247	Grams	H.R. 1316	Dreier
Mandates coverage of state and local government workers		**Expands eligibility for lump sum death benefit**			
H.R. 249	Sanford	H.R. 3281	Mink		
H.R. 3206	Nick Smith				
S. 21	Moynihan				

Source: Derived from on-line *Legislative Information System*; incorporates bills introduced as of March 30, 2000.

[a.] For discussion of issue, see CRS Report 98-789, *Proposed Changes to the Social Security Earnings Test*.

[b.] For discussion of issue, see CRS Report 95-188, *The Social Security Notch Issue*.

[c.] For discussion of issue, see CRS Report RS20148, *Social Security: The Government Pension Offset.*

[d.] For discussion of issue, see CRS Report 98-35, *The Windfall Benefit Provision.*

[e.] For discussion of issue, see CRS Report 93-792, *Social Security benefits Are Not Paid For the Month of Death.*

Social Security Bills In 106th Congress On Which Action Has Been Taken

H.J.Res. 32, (Ryan, et al.) — A joint resolution expressing the sense of the Congress that the President and the Congress should join in undertaking the Social Security Guarantee Initiative to strengthen and protect the retirement income security of all Americans through the creation of a fair and modern Social Security Program for the 21st century. Passed by House, March 2, 1999, by vote of 416-1.

H.Res. 306, (Herger) — A resolution expressing the desire of the House of Representatives to not spend any of the budget surplus created by Social Security receipts and to continue to retire the debt held by the public. Passed House 417-2, September 28, 1999.

H.Con.Res. 68, (Kasich, et al.); **S.Con.Res. 20,** (Domenici, et al.) — A concurrent resolution establishing the congressional budget for the United States Government for FY2000 and setting forth appropriate budgetary levels for each of FY2001 through 2009. Conference agreement on resolution (H.Con.Res. 68) passed House 220-208, April 14, 1999; passed Senate 54 to 44, April 15, 1999. (In addition to setting forth congressional budget totals setting aside Social Security surpluses, includes provisions and sense of House and Senate statements pertaining to treatment of Social Security surpluses in the federal budget and other aspects of the program).

S. 331, (Jeffords, et al.) — A bill to amend the Social Security Act to expand the availability of health care coverage for working individuals with disabilities, to establish a *Ticket to Work and Self-Sufficiency Program* in the Social Security Administration to provide such individuals with meaningful opportunities to work and for other purposes. Approved and ordered to be reported by Senate Finance Committee on March 4, 1999; passed by Senate, June 16, 1999, by vote of 99-0. Also see **H.R. 1180** (Lazio, et al.) — similar legislation jointly referred to House Ways and Means and Commerce Committees on March 18, 1999; approved and reported from Subcommittee on Health and the Environment of Commerce Committee on April 20, 1999; approved and ordered reported from Commerce Committee on May 19, 1999. Passed by House, October 19, 1999 by vote of 412-9 (including additional provisions of **H.R. 3070** (Hulshof, et al.), reported from Committee on Ways and Means, October 18, 1999). Conference report passed by House, November 18, 1999 by a vote of 418-2; passed by Senate, November 19, 1999 by vote of 95-1. Presented to President, December 6, 1999.

H.R. 1259, (Herger, et al.) — A bill to amend the Congressional Budget Act of 1974 to protect Social Security surpluses through strengthened budgetary enforcement mechanisms. Passed by House, May 26, 1999, by vote of 416-12.

H.R. 5, (Sam Johnson, et.al.) – A bill to repeal the Social Security earning test at ages 65-69, effective in 2000. Approved by Social Security Subcommittee of House Ways and Means Committee, February 16, 2000. Approved by full Committee, February 29, 2000. Passed House, March 1, 2000, by a vote of 422-0. Passed Senate, March 22, 2000, by a vote of 100-0. Bill with Senate technical amendment passed House, March 29, 2000, by a vote of 419-0. President Clinton signed the bill into law as P.L. 106-182, April 7, 2000.

Appendix

CRS Issue Brief IB98048, *Social Security Reform*, by David Koitz

CRS Memorandum, *President Clinton's Social Security Reform Proposal*, by David Koitz. March 10, 1999.

CRS Report RS20165, *The Social Security "Lock Box,"* by David Koitz.

CRS Report RL30380, *Social Security Reform: Assessing Changes to Future Retirement Benefits*, by David Koitz.

CRS Report 98-961, *Social Security Reform: Projected Contributions and Benefits Under Three Proposals (S. 1792 and S. 2313/H.R. 4256 in the 105th Congress, and a Plan by Robert M. Ball)*, by Geoffrey Kollmann, David Koitz, and Dawn Nuschler.

CRS Report 98-799, *Social Security: The Protect Social Security Account*, by Geoffrey Kollmann and David Koitz.

CRS Report 98-750, *Social Security Reform: Bills in the 105th Congress and Other Proposals*, by David Koitz, Geoffrey Kollmann and Dawn Nuschler.

CRS Report 98-422, *Social Security and the Federal Budget: What Does Social Security Being "Off Budget" Mean?* by David Koitz.

CRS Report 98-195, *Social Security Reform — How Much of a Role Could Private Accounts Play?* by David Koitz, updated by Dawn Nuschler.

CRS Report 97-990, *Social Security in the United Kingdom: A Model for Reform?* by Geoffrey Kollmann.

CRS Report 97-741, *Social Security Financing Reform: Lessons From the 1983 Amendments*, by David Koitz.

CRS Report 97-116, *Social Security – Eliminating the Taxable Earnings Base*, by David Koitz.

CRS Report 97-81, *Social Security: Recommendations of the 1994-1996 Advisory Council on Social Security*, by Geoffrey Kollmann.

CRS Report 97-77, *The Long Range Social Security Projections*, by David Koitz and Gary Sidor.

CRS Report 96-504, *Ideas for Privatizing Social Security*, by David Koitz.

CRS Report 96-32, *Social Security: Worldwide Trends*, by Geoffrey Kollmann.

CRS Report 95-839, *Social Security - the Chilean Example*, by Geoffrey Kollmann.

CRS Report 95-543, *The Financial Outlook for Social Security and Medicare*, by David Koitz and Geoffrey Kollmann.

CRS Report 95-1494, *Social Security: The Relationship of Taxes and Benefits for Past, Present, and Future Retirees*, by Geoffrey Kollmann.

CRS Report 94-791, *Means-Testing Social Security Benefits: An Issues Summary*, by Geoffrey Kollmann.

CRS Report 94-622, *Social Security: Raising the Retirement Age - Background and Issues*, by Geoffrey Kollmann.

CRS Report 94-593, *Social Security Taxes: Where Do Surplus Taxes Go and How are They Used?* by David Koitz.

CRS Report 91-129, *Social Security: Investing the Surplus*, by Geoffrey Kollmann.

CRS Report 88-709, *The Social Security Surplus: A Discussion of Some of the Issues*, by David Koitz.