

# News from Senator

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## STATEMENT BY SENATOR DOLE NATIONAL COMMISSION ON SOCIAL SECURITY REFORM

MR. CHAIRMAN, I AM HONORED TO HAVE BEEN ASKED TO SERVE ON THE NATIONAL COMMISSION ON SOCIAL SECURITY REFORM. IT IS AN HONOR I ACCEPT WITH A GREAT SENSE OF RESPONSIBILITY-- RESPONSIBILITY NOT ONLY TO THE MILLIONS OF CITIZENS WHO DEPEND ON SOCIAL SECURITY, BUT ALSO TO THE MILLIONS OF CITIZENS WHO SUPPORT THE SYSTEM AND TO MY COLLEAGUES IN CONGRESS WHO MUST ULTIMATELY ENACT A LEGISLATIVE PROGRAM FOR FINANCIAL REFORM. AN ALARMING NUMBER OF PEOPLE NO LONGER HAVE CONFIDENCE THAT THE SYSTEM CAN SURVIVE IN THE YEARS AHEAD. HOPEFULLY, THE PROCESS WE BEGIN TODAY WILL CULMINATE IN A SET OF RECOMMENDATIONS TO CONGRESS THAT CAN SERVE AS THE FOUNDATION FOR COMPREHENSIVE FINANCIAL REFORM.

IT IS AN UNFORTUNATE SERIES OF EVENTS THAT BRINGS US HERE TODAY. WHEN THE 97TH CONGRESS CONVENED A YEAR AGO, MOST OF THE FACTS WE HAVE TODAY CONCERNING SOCIAL SECURITY'S FINANCIAL CONDITION WERE ALREADY ON THE TABLE. WE KNEW THAT THE SYSTEM WAS RUNNING AN ENORMOUS LONG-TERM DEFICIT, ONE IN THE TRILLIONS-OF-DOLLARS RANGE. IN FACT, WE HAD KNOWN THE SYSTEM WAS SERIOUSLY UNDERFINANCED IN THE LONG-TERM FOR ABOUT 7 YEARS BEFORE THAT. WE ALSO KNEW AT THE START OF THE SESSION THAT IT WAS ONLY A MATTER OF TIME--WHETHER ONE YEAR, TWO YEARS, OR THREE YEARS--UNTIL ONE OR MORE OF THE THREE SOCIAL SECURITY TRUST FUNDS WOULD BE UNABLE TO PAY FULL BENEFITS. THIS WE HAD ALREADY KNOWN FOR 2 YEARS. REPORT AFTER REPORT ISSUED BY SPECIALLY APPOINTED ADVISORY COUNCILS, ACTUARIES AND ECONOMISTS, THE CONGRESSIONAL BUDGET OFFICE, THE SOCIAL SECURITY BOARD OF TRUSTEES, AND OTHERS ALL UNDERScoreD THE IMPORTANCE OF RESOLVING THE SOCIAL SECURITY FINANCING CRISIS ONCE AND FOR ALL.

THE MONTHS THAT FOLLOWED WERE FILLED WITH SOUND AND FURY BUT LITTLE LEGISLATIVE ACTION OF SUBSTANCE. EXTENSIVE PUBLIC HEARINGS WERE HELD IN THE HOUSE AND SENATE, SOME 37 IN ALL, WITH LITERALLY HUNDREDS OF WITNESSES. THE FINANCIAL CONDITION OF SOCIAL SECURITY ROSE IN PROMINENCE TO BECOME ONE OF THE LEADING ISSUES IN THE MINDS OF THE PUBLIC AND THE SUBJECT OF FREQUENT DEBATE IN CONGRESS. YET, ASIDE FROM SOME QUITE LIMITED SAVINGS ACCOMPLISHED LAST SUMMER AND THE PASSAGE OF THE STOP-GAP MEASURE OF INTERFUND BORROWING IN DECEMBER, CONGRESS FOUND ITSELF UNABLE TO FACE AND RESOLVE SOCIAL SECURITY'S FINANCING PROBLEMS.

TRUST FUND RESERVES ARE NOW MORE CRITICALLY DEPLETED THAN AT ANY OTHER TIME. COMPARED TO OASDHI EXPENDITURES, NEARING \$200 BILLION THIS YEAR, TRUST FUND RESERVES CAN COVER NO MORE THAN 2-1/2 MONTHS OF BENEFITS. AS RECENTLY AS 1970, THERE WERE 12 MONTHS WORTH OF BENEFITS IN THE TRUST FUNDS. AS SOCIAL SECURITY SPENDING CONTINUES TO OUTSTRIP INCOME IN THE MONTHS AHEAD, SOCIAL SECURITY RESERVES ARE PROJECTED TO BECOME DANGEROUSLY LOW--THREATENING BENEFIT PAYMENTS--BY THE END OF 1983.

IN THE LONG-TERM, THE DEFICIT STANDS AT A STAGGERING \$6 TRILLION. ACCORDING TO THE SOCIAL SECURITY ACTUARIES, THE TAX RATE NECESSARY TO FINANCE BENEFITS IN THE YEAR 2020 ALONE, WHEN TODAY'S COLLEGE STUDENTS BEGIN TO RETIRE, IS LIKELY TO EXCEED 20% (EMPLOYEE AND EMPLOYER COMBINED). NOT SURPRISINGLY PUBLIC CONFIDENCE IS AT AN ALL TIME LOW.

AS CHAIRMAN OF THE SENATE FINANCE COMMITTEE, I HAD CERTAINLY HOPED AND BELIEVED A RESOLUTION TO THESE PROBLEMS WOULD BE FASHIONED BY CONGRESS. THAT DIDN'T HAPPEN LAST YEAR--AND I BELIEVE WE ALL KNOW WHY.

YET, I DON'T THINK WE CAN WRITE OFF LAST YEAR AS A TOTAL LOSS. THE METHOD OF FINANCING SOCIAL SECURITY, THE INADEQUACY OF RESERVES, THE EXISTENCE OF INESSENTIAL BENEFITS, AND THE IMPORTANCE OF MODERATING GROWTH WERE ALL SERIOUSLY DEBATED. SURELY, THIS PUBLIC DEBATE HAS LED TO A BETTER UNDERSTANDING OF THE NATURE OF SOCIAL SECURITY, INCLUDING THE COSTS AND CONSEQUENCES OF THE PROGRAM, THAT WILL BE SO IMPORTANT TO REFORM.

THE APPOINTMENT BY THE PRESIDENT AND THE LEADERS OF THE HOUSE AND SENATE OF THIS BIPARTISAN COMMISSION GIVES US THE OPPORTUNITY FOR A FRESH EXAMINATION OF FINANCING PROPOSALS. OF COURSE, THIS IS NOT THE FIRST SOCIAL SECURITY TASK FORCE IN RECENT TIMES, BUT IT IS THE FIRST PRESIDENTIAL TASK FORCE TO INCLUDE MEMBERS OF CONGRESS. ALSO, EACH OF THE MEMBERS OF THE COMMISSION HAS A SPECIAL INTEREST IN OR KNOWLEDGE OF SOCIAL SECURITY. THIS GROUP IS UNIQUELY CHARGED WITH FORMULATING LEGISLATIVE PROPOSALS TO RESTORE THE FINANCIAL SOUNDNESS OF THE SYSTEM CAPABLE OF GAINING BIPARTISAN SUPPORT.

WHILE WE SHOULDN'T LIMIT OUR CHOICES AT THIS EARLY STAGE, I WOULD JUST LIKE TO POINT OUT THAT THE MOST RECENT ATTEMPT TO PUT THE SYSTEM ON A SOUND FINANCIAL FOOTING, IN 1977, INVOLVED SHARP PAYROLL TAX INCREASES. THE 6 TAX INCREASES ENACTED THEN AND THE EXTRA \$400-\$500 BILLION THEY WILL RAISE BY 1990 HAVE NOT BEEN A "SOLUTION" TO ANYTHING. WE MUST BRING THE COST OF THE PROGRAM INTO LINE WITH TAXPAYERS WILLINGNESS TO PAY FOR IT. RESERVES MUST BE REPLENISHED.

AS A MEMBER OF THE COMMISSION, I LOOK FORWARD TO WORKING ON THESE TOUGH ISSUES. GIVEN THE HIGHLY CHARGED POLITICAL ATMOSPHERE SURROUNDING SOCIAL SECURITY LAST YEAR, THE PRESIDENT HAS PROVIDED AN IMPORTANT NEW FORUM FOR CONSTRUCTIVE DISCUSSION OF REALISTIC REFORMS.