

News from Senator

# BOB DOLE



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## TRUSTEES' REPORTS UNDERSCORE SERIOUS THREAT TO SOCIAL SECURITY SYSTEM

WASHINGTON -- Senator Bob Dole (R-Kan), Chairman of the Senate Finance Committee, said "there was little to cheer about in the Social Security Board of Trustees' reports released today." The reports confirmed the Administration's warning that if Congress does not take action this year, the Social Security system is headed for bankruptcy.

Hearings begin tomorrow, July 7, in the Senate Finance Committee subcommittee on social security aimed at examining the seriousness of the financing crisis and options for the future. "While there are no easy solutions, I'm optimistic we will get some fresh ideas about ways of dealing with the impending crisis," said Dole. "The Board of Trustees' reports underscore the need for Congress to move quickly to restore the soundness of the Social Security system."

Dole said, "Even under the most optimistic assumptions, the largest of the Social Security programs, Old-age and Survivors Insurance (OASI), will be unable to pay timely benefits as early as next year. Simply put, this means that cash benefits for 36 million people would either be delayed, reduced or not paid at all. Borrowing from the disability trust fund would only postpone bankruptcy by a few months, and merging all three trust funds (Old-age and Survivors Insurance, Disability Insurance, and Hospital Insurance), would provide a slim margin at best. Less favorable economic projections indicate that the combined trust funds will be exhausted within five years. These are substantially gloomier findings than those made by the Trustees just last year.

"This is bad news not only for recipients concerned about the stability of the program, but also for taxpayers," said Dole. "A series of increasingly gloomy Trustees' reports in the mid-1970s led to the enactment in 1977 of the largest peacetime tax increase in U.S. history. Taxpayers, who have already experienced two of the tax increases enacted then, face another four increases by 1990. And yet, the reports today confirm that these added taxes will be insufficient to keep the system solvent. Any further increase in the tax burden--whether directly through the payroll tax or indirectly through general revenues--is obviously out of the question."