



SOCIAL SECURITY
Office of the Chief Actuary

June 27, 2018

The Honorable Bernie Sanders
United States Senate
Washington, D.C. 20510

Dear Senator Sanders:

Enactment of S. 3147, the “Social Security Administration Fairness Act”, which you introduced today, would make several changes for Social Security and related programs. Section 2 would provide for automatic appropriation to the Social Security Administration (SSA) of an amount equal to 1.5 percent of expected annual benefits and payments administered by SSA to pay for all administrative costs incurred by SSA in fiscal years 2019 and thereafter. Section 3 would eliminate the 5-month waiting period for Social Security disabled worker benefits and disabled surviving spouse benefits. Section 4 would eliminate the 24-month waiting period for Medicare coverage for individuals who have become entitled for Social Security disability benefits. Section 5 would create a temporary moratorium on the consolidation of SSA field offices and hearings offices. The balance of this letter provides further description of our understanding of the intent of these provisions, and our estimates of the effects on the financial status of the Social Security (OASDI) program. We note that the enactment of these provisions would have financial implications for other programs that are not included in this letter. We have enjoyed working with Adam LaRose of your staff in the development of this Bill.

Under Section 2, the amount appropriated to SSA for payment of administrative costs would be set equal to 1.5 percent of benefits and payments expected for OASDI, SSI, and Special Benefits for World War II Veterans in fiscal year 2019, and each year thereafter. We assume that SSA will allocate this total amount among work needed for the effective administration of all responsibilities of the agency, with the OASI, DI, and Medicare Trust Funds, and the General Fund of the Treasury being charged for the appropriate share of all expenses. To the extent that this automatic appropriation may provide more administrative authority than would otherwise be assumed in our baseline projections, we estimate that the total cost for each program will not be significantly affected, in net. In particular, we estimate that this provision would have a negligible effect on the long-range actuarial balance (that is, less than 0.005 percent of taxable payroll) for the OASDI program.

Section 3 would eliminate the current 5-month waiting period for receipt of disabled worker and disabled surviving spouse monthly benefits. Under current law, such qualifying individuals must be disabled for five months after their disability onset date before they can be entitled for receipt of Social Security disability monthly payments. Section 4 would eliminate the additional 24-

month waiting period after Social Security disability benefit entitlement for Medicare coverage for disabled workers and disabled surviving spouses. Thus, the proposal would make both Social Security monthly benefits and Medicare coverage available beginning with the first full month after the onset of disability. The proposal would become effective upon enactment for new benefit entitlements. For the purpose of these estimates, we are assuming that additional benefit payments will first be made in October 2018.

We estimate that elimination of these waiting periods under Sections 3 and 4 would increase (worsen) the long-range OASDI actuarial deficit by 0.17 percent of taxable payroll, and would increase the annual deficit for the OASDI program by 0.19 percent of payroll for 2091. The year of OASDI trust fund reserve depletion under this proposal would be 2034, the same as under current law. Over calendar years 2018-2027, we estimate a net increase in the cost of the OASDI program of about \$118 billion.

Section 5 would place a temporary moratorium on consolidation of SSA field offices and hearing offices effective on enactment. Because our baseline projections do not reflect the consolidation of any offices in fiscal year 2019 or later, implementation of this provision would not alter our projections for the OASDI program.

Table 1, enclosed, presents annual and 75-year-summarized cost rates, income rates, balances, and changes in annual cost and income rates and balances for the OASDI program under enactment of the proposal. The estimates presented here are based on the intermediate assumptions of the 2017 Trustees Report and assume that additional benefit payments will first be made in October 2018. These estimates reflect the combined effort of many in the Office of the Chief Actuary, but most particularly Karen Glenn, Chris Chaplain, William Jimenez, Kyle Burkhalter, and Daniel Nickerson.

We hope these estimates are helpful. Please let me know if we may provide further assistance.

Sincerely,

A handwritten signature in black ink that reads "Stephen C. Goss". The signature is written in a cursive style with a large initial 'S'.

Stephen C. Goss, ASA, MAAA
Chief Actuary

Enclosure

Table 1 - OASDI Cost Rate, Income Rate, Annual Balance, and Trust Fund Ratio

S. 3147, the "Social Security Administration Fairness Act," introduced by Senator Sanders. Eliminate DI and Medicare waiting periods effective for beneficiaries becoming newly entitled after enactment. Assume additional benefit payments are first made in October 2018.

Year	Proposal			Trust Fund Ratio	Change from Current Law		
	Expressed as a percentage of current-law taxable payroll				Expressed as a percentage of current-law taxable payroll		
	Cost Rate	Income Rate	Annual Balance	1-1-year	Cost Rate	Income Rate	Annual Balance
2017	13.41	13.03	-0.38	298	0.00	0.00	0.00
2018	13.50	12.93	-0.57	287	0.01	0.00	-0.01
2019	13.80	12.95	-0.85	271	0.10	0.00	-0.10
2020	13.98	12.96	-1.01	256	0.12	0.00	-0.12
2021	14.15	12.99	-1.16	241	0.13	0.00	-0.13
2022	14.39	13.03	-1.37	226	0.14	0.00	-0.14
2023	14.69	13.05	-1.63	210	0.14	0.00	-0.14
2024	14.97	13.09	-1.88	193	0.14	0.00	-0.14
2025	15.25	13.11	-2.14	176	0.15	0.00	-0.14
2026	15.52	13.14	-2.38	158	0.15	0.00	-0.15
2027	15.77	13.15	-2.61	140	0.15	0.00	-0.15
2028	16.01	13.17	-2.84	121	0.15	0.00	-0.15
2029	16.22	13.18	-3.04	103	0.15	0.00	-0.15
2030	16.42	13.20	-3.22	84	0.16	0.00	-0.15
2031	16.61	13.21	-3.40	65	0.16	0.00	-0.16
2032	16.77	13.22	-3.55	45	0.16	0.00	-0.16
2033	16.90	13.23	-3.67	25	0.16	0.00	-0.16
2034	17.01	13.24	-3.78	3	0.16	0.00	-0.16
2035	17.09	13.24	-3.85	----	0.17	0.00	-0.16
2036	17.16	13.25	-3.91	----	0.17	0.00	-0.17
2037	17.19	13.25	-3.94	----	0.17	0.00	-0.17
2038	17.19	13.25	-3.94	----	0.17	0.00	-0.17
2039	17.17	13.25	-3.92	----	0.17	0.00	-0.17
2040	17.14	13.25	-3.89	----	0.17	0.00	-0.17
2041	17.09	13.25	-3.84	----	0.18	0.00	-0.17
2042	17.04	13.25	-3.79	----	0.18	0.00	-0.18
2043	16.99	13.24	-3.74	----	0.18	0.00	-0.18
2044	16.94	13.24	-3.70	----	0.18	0.00	-0.18
2045	16.90	13.24	-3.66	----	0.18	0.00	-0.18
2046	16.86	13.24	-3.63	----	0.19	0.00	-0.18
2047	16.83	13.24	-3.59	----	0.19	0.00	-0.18
2048	16.80	13.24	-3.57	----	0.19	0.00	-0.18
2049	16.78	13.24	-3.54	----	0.19	0.00	-0.19
2050	16.76	13.24	-3.52	----	0.19	0.00	-0.19
2051	16.75	13.24	-3.51	----	0.19	0.00	-0.19
2052	16.75	13.24	-3.51	----	0.19	0.00	-0.19
2053	16.76	13.24	-3.53	----	0.19	0.00	-0.19
2054	16.78	13.24	-3.54	----	0.19	0.00	-0.19
2055	16.81	13.24	-3.57	----	0.20	0.00	-0.19
2056	16.85	13.24	-3.61	----	0.20	0.00	-0.19
2057	16.89	13.25	-3.65	----	0.20	0.00	-0.19
2058	16.93	13.25	-3.68	----	0.19	0.00	-0.19
2059	16.97	13.25	-3.72	----	0.19	0.00	-0.19
2060	17.02	13.26	-3.76	----	0.19	0.00	-0.19
2061	17.06	13.26	-3.80	----	0.19	0.00	-0.19
2062	17.11	13.26	-3.85	----	0.19	0.00	-0.19
2063	17.16	13.27	-3.89	----	0.19	0.00	-0.19
2064	17.21	13.27	-3.94	----	0.19	0.00	-0.19
2065	17.26	13.27	-3.98	----	0.19	0.00	-0.19
2066	17.31	13.28	-4.03	----	0.19	0.00	-0.19
2067	17.36	13.28	-4.08	----	0.19	0.00	-0.19
2068	17.41	13.28	-4.13	----	0.19	0.00	-0.19
2069	17.46	13.29	-4.18	----	0.19	0.00	-0.19
2070	17.52	13.29	-4.23	----	0.19	0.00	-0.19
2071	17.56	13.29	-4.27	----	0.19	0.00	-0.19
2072	17.60	13.29	-4.31	----	0.19	0.00	-0.19
2073	17.64	13.30	-4.34	----	0.19	0.00	-0.19
2074	17.67	13.30	-4.37	----	0.19	0.00	-0.18
2075	17.69	13.30	-4.39	----	0.19	0.00	-0.18
2076	17.71	13.30	-4.41	----	0.19	0.00	-0.18
2077	17.71	13.30	-4.41	----	0.19	0.00	-0.18
2078	17.71	13.30	-4.41	----	0.19	0.00	-0.19
2079	17.71	13.30	-4.40	----	0.19	0.00	-0.19
2080	17.70	13.30	-4.40	----	0.19	0.00	-0.19
2081	17.70	13.30	-4.40	----	0.19	0.00	-0.19
2082	17.70	13.30	-4.40	----	0.19	0.00	-0.19
2083	17.71	13.30	-4.40	----	0.19	0.00	-0.19
2084	17.72	13.30	-4.42	----	0.19	0.00	-0.19
2085	17.75	13.30	-4.44	----	0.19	0.00	-0.19
2086	17.78	13.31	-4.47	----	0.19	0.00	-0.19
2087	17.81	13.31	-4.50	----	0.20	0.00	-0.19
2088	17.85	13.31	-4.54	----	0.20	0.00	-0.19
2089	17.90	13.31	-4.58	----	0.20	0.00	-0.19
2090	17.94	13.32	-4.63	----	0.19	0.00	-0.19
2091	17.99	13.32	-4.67	----	0.19	0.00	-0.19
2092	18.04	13.32	-4.72	----	0.19	0.00	-0.19

Summarized Rates: OASDI			
	Cost Rate	Income Rate	Actuarial Balance
2017 - 2091	16.84%	13.84%	-3.00%
			Year of reserve depletion ¹ 2034

Summarized Rates: OASDI		
Change in Cost rate	Change in Income Rate	Change in Actuarial Balance
0.17%	0.00%	-0.17%

Based on Intermediate Assumptions of the Trustees Report.
¹Under current law the year of combined Trust Fund reserve depletion is 2034.