

**Proposals Affecting Social Security—  
CBO’s Estimate of the President’s Fiscal Year 2021 Budget**

Social Security has two parts: Old-Age and Survivors Insurance (OASI), which pays benefits to retired workers, their families, and some survivors of deceased workers; and Disability Insurance (DI), which makes payments to disabled workers (and to their families) until those workers reach the age at which they are eligible to receive full retired-worker benefits under OASI. The program is funded primarily through payroll taxes on employers and workers, who each pay 6.2 percent of earnings; self-employed workers pay the entire 12.4 percent tax.

To receive OASI or DI benefits, workers must have a substantial employment history and meet other criteria. CBO’s projections of outlays for OASI and DI benefits are based on the number of beneficiaries and their average benefits.

Although Social Security is part of the overall federal budget, its benefits are paid from trust funds that are funded from payroll taxes, interest on their balances, and income taxes on Social Security benefits. Under current law, the Social Security Administration may not pay benefits in excess of the available balances in a trust fund.

These estimates are based on CBO’s baseline budget projections as of March 6, 2020, which do not incorporate changes to the nation’s economic outlook and fiscal situation arising from the recent and rapidly evolving public health emergency related to the novel coronavirus.

# Proposals Affecting Social Security—CBO's Estimate of the President's Fiscal Year 2021 Budget

Outlays in Millions of Dollars, by Fiscal Year

March 25, 2020

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-2025	2021-2030
Increases or Decreases (-) in Direct Spending												
Reduce Allowable Retroactive Benefit Payments From 12 Months to 6 Months Prior to Application												
OASI	-6	-17	-22	-27	-30	-32	-33	-35	-36	-38	-102	-276
DI	<u>-260</u>	<u>-690</u>	<u>-920</u>	<u>-1,120</u>	<u>-1,230</u>	<u>-1,330</u>	<u>-1,380</u>	<u>-1,430</u>	<u>-1,490</u>	<u>-1,560</u>	<u>-4,220</u>	<u>-11,410</u>
Total OASDI	-266	-707	-942	-1,147	-1,260	-1,362	-1,413	-1,465	-1,526	-1,598	-4,322	-11,686
Strengthen GPO and WEP Enforcement by Obtaining Data From State and Local Governments <sup>a</sup>												
OASI	0	0	0	-220	-430	-560	-570	-530	-510	-500	-650	-3,320
DI	<u>0</u>	<u>0</u>	<u>0</u>	<u>-5</u>	<u>-12</u>	<u>-17</u>	<u>-18</u>	<u>-17</u>	<u>-15</u>	<u>-14</u>	<u>-17</u>	<u>-98</u>
Total OASDI	0	0	0	-225	-442	-577	-588	-547	-525	-514	-667	-3,418
Provide Administrative Funds to Implement GPO and WEP Enforcement <sup>b</sup>	18	28	24	0	0	0	0	0	0	0	70	70
Increase the Minimum Overpayment Collection From \$10 per Month to 10 Percent of Monthly Benefit Payment												
OASI	-6	-41	-53	-58	-71	-85	-96	-126	-134	-133	-229	-803
DI	<u>-5</u>	<u>-31</u>	<u>-40</u>	<u>-44</u>	<u>-54</u>	<u>-64</u>	<u>-72</u>	<u>-94</u>	<u>-101</u>	<u>-100</u>	<u>-174</u>	<u>-605</u>
Total OASDI	-11	-72	-93	-102	-125	-149	-168	-220	-235	-233	-403	-1,408
Offset Disability Benefits by an Amount Equal to Unemployment Benefits Received <sup>a</sup>												
OASI	0	-1	-3	-6	-6	-6	-7	-7	-7	-7	-16	-50
DI	<u>0</u>	<u>-14</u>	<u>-82</u>	<u>-138</u>	<u>-146</u>	<u>-153</u>	<u>-160</u>	<u>-167</u>	<u>-173</u>	<u>-178</u>	<u>-380</u>	<u>-1,211</u>
Total OASDI	0	-15	-85	-144	-152	-159	-167	-174	-180	-185	-396	-1,261
Change the Representative Fee and Approval Process <sup>a</sup>												
OASI	0	*	1	1	1	1	1	1	1	1	3	8
DI	<u>0</u>	<u>1</u>	<u>8</u>	<u>26</u>	<u>34</u>	<u>39</u>	<u>42</u>	<u>43</u>	<u>45</u>	<u>46</u>	<u>69</u>	<u>284</u>
Total OASDI	0	1	9	27	35	40	43	44	46	47	72	292
Eliminate Workers' Compensation Reverse Offset	0	0	-21	-21	-22	-23	-25	-25	-26	-27	-64	-190
Exclude Social Security Debts From Discharge in Bankruptcy <sup>a</sup>												
OASI	0	-1	-4	-6	-6	-7	-8	-9	-9	-10	-17	-60
DI	<u>0</u>	<u>-2</u>	<u>-5</u>	<u>-6</u>	<u>-8</u>	<u>-9</u>	<u>-10</u>	<u>-10</u>	<u>-12</u>	<u>-12</u>	<u>-21</u>	<u>-74</u>
Total OASDI	0	-3	-9	-12	-14	-16	-18	-19	-21	-22	-38	-134
Expand the Definition of Overpayment to Authorize SSA to Use All Collection Tools to Recover Funds in Certain Cases												
OASI	0	-1	-1	-1	-1	-2	-2	-2	-2	-2	-4	-14
DI	<u>0</u>	<u>-1</u>	<u>-1</u>	<u>-1</u>	<u>-2</u>	<u>-2</u>	<u>-2</u>	<u>-2</u>	<u>-2</u>	<u>-2</u>	<u>-5</u>	<u>-15</u>
Total OASDI	0	-2	-2	-2	-3	-4	-4	-4	-4	-4	-9	-29
Hold Fraud Facilitators Liable for Overpayments	0	*	*	*	*	*	*	*	*	*	*	*
Demonstration Projects to Increase Labor Force Participation Among People with Disabilities <sup>b</sup>	15	40	80	90	100	85	60	20	10	0	325	500
Enhance Work and Earnings Opportunities for Disability Beneficiaries												Not Estimated

These estimates are based on CBO's baseline budget projections as of March 6, 2020, which do not incorporate changes to the nation's economic outlook and fiscal situation arising from the recent and rapidly evolving public health emergency related to the novel coronavirus.

Components may not sum to totals because of rounding. All effects are off-budget unless otherwise noted. CBO estimates that other Social Security proposals included in the President's Budget would have no budgetary effects.

OASI = Old-Age and Survivors Insurance; DI = Disability Insurance; OASDI = Old-Age, Survivors, and Disability Insurance; GPO = Government Pension Offset; SSA = Social Security Administration; WEP = Windfall Elimination Provision; \* = between -\$500,000 and \$500,000.

a. These proposals would have effects in other programs. The estimates above are for Social Security only.

b. These effects are on-budget.