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POLICY SPOTLIGHT

Strengthening Social Security: An Overview for Policymakers

An analytical framework for evaluating Social Security reforms

CHARLES BLAHOUS | AUGUST 2025

Social Security is the federal government's most important social insurance program. It has largely achieved its purpose of enhancing income security for American workers and their families after retirement, and it has done so while sustaining strong if not unique political support.

Social Security faces a dire threat, however, in the form of its projected financing shortfall. Program costs automatically grow at rates that not only threaten Social Security's solvency but reduce its effectiveness as income security. Specifically, the program redistributes income in some ways that are counterproductive, regressive, or both, and these effects are becoming more problematic as program costs grow. Reforms to render Social Security more progressive and better targeted can also slow program cost growth and strengthen its finances.

Charles Blahous has published a comprehensive study that explains and illustrates Social Security's funding shortfall, provides rough estimates of the extent to which different proposed provisions can close this shortfall, and gives guidance to policymakers on how to design a reform plan for Social Security.¹

This study reviewed several of the specific policy challenges facing the Social Security program, explaining their origins in law, and described possible measures to address them. No single reform to Social Security can simultaneously achieve all the appropriate objectives of improving its financial condition, achieving a sustainable rate of cost growth, improving intergenerational equity, restoring incentives to work and save, and

¹ See Charles Blahous, "Strengthening Social Security: An Overview for Policymakers" (Mercatus Policy Brief, Mercatus Center at George Mason University, February 1, 2021). Scan the QR code below for the full analysis, including sources.



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better targeting benefits on households of greatest need. A balanced package of reforms, however, can include individual provisions pursuant to these various objectives and in combination can advance them all together.

Regardless of their own policy objectives, it is important for lawmakers to understand how individual Americans are affected by the Social Security program. Only if the various effects of Social Security described in Blahous's study are fully understood will lawmakers be able to craft a package of reforms that suits the needs and policy preferences of a bipartisan majority.