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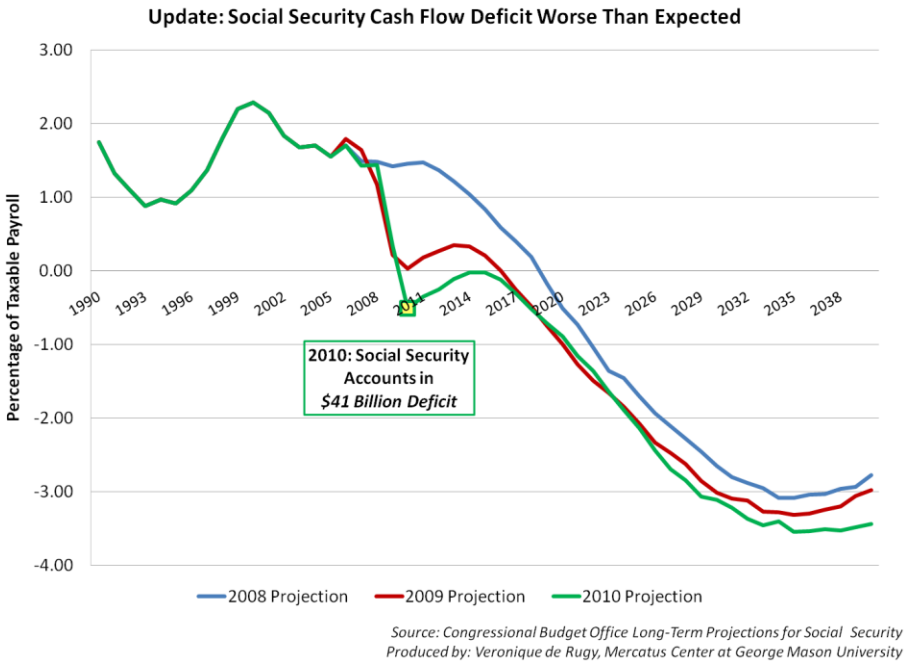

This month, the Congressional Budget Office released its *Long-Term Projections for Social Security* and, like the two long-term projections before it, this projection finds social security in even worse shape than expected.

2008, 2009 and 2010 projections each estimated an earlier onset of cash-flow deficits than the preceding year's projections did. In 2008, the CBO projected that outlays would exceed revenues for the first time since 1983 in 2019; in 2009 CBO projected that this threshold would be crossed in 2016. In fact, this year Social Security will pay out $41 billion more in benefits than it collects (despite collecting $670 billion in taxes).

Using CBO's last three long-term projections for Social Security, the above chart graphs the decline. It shows the year-end balance of the Social Security accounts as percentages of taxable payroll (an estimate of the earnings subject to payroll taxation each year). Concretely, when the balance of these accounts becomes negative, Social Security is paying out more in benefits than it collects in payroll taxes in a given year. For context, in 2010 taxable payroll is projected to be $5.4 trillion in real terms.

While part of the acceleration in the onset of Social Security deficits is due to the impact of the recession on tax revenues, by all projections, the unsustainable deficits in Social Security will continue into the future. In fact, each projection has found larger deficits extending into the future, far beyond the reach of any single recession.

These projections point to the finances of a Social Security system in a rapidly deteriorating state.

Today about 54 million people are receiving Social Security benefits, nearly a sixth of the American population; under current law this proportion will only increase into the forseeable future. For this reason, Social Security reform is needed *now* – the people who depend on Social Security need time to adjust to a systematically reformed system, not a crisis caused by political procrastination.