

OPENING STATEMENT OF SENATOR CRAIG

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Social Security turned 65 this year. This program has provided years of retirement security to Americans. However, Social Security has aged, and the world has changed. It is now time to modernize the program to adapt it to our growing Nation. We want to ensure that current retirees and those nearing retirement age continue to receive their promised benefits, the benefits they have earned. For future generations, I want to ensure that our children and grandchildren have a retirement program that reflects the magnificent prosperity of this country -- a program that provides financial security, flexibility, opportunities for growth, and most of all, a program that future generations can depend upon.

On May 3rd of this year, President Bush established a Social Security Commission to study the future of our national retirement program. The President tasked this Commission with the responsibility of developing strategies to strengthen the program's foundation and ensure its financial viability. This Commission is truly an impressive bipartisan group of experts. I have had the great fortune to work with three commission members who were outstanding colleagues while serving in Congress. I commend the Commission for its hard work and look forward to its final report.

Currently, Social Security, Medicare, and Medicaid taken together, consume 43 percent of the federal budget and 7.3 percent of our total Gross Domestic Product (GDP). To put this in perspective, consider that all personal income taxes collected by the federal government add up to 9 percent of the GDP. Looking ahead, the picture becomes truly alarming: If we assume for a moment that if the federal government's spending were to remain at its current share of GDP, by 2030, Social Security, Medicare, and Medicaid would consume 90 percent of the federal budget, crowding out virtually all other government spending.

In 1940, when benefits were first paid, there were 42 workers per retiree. In 1960, there were five workers for every retiree. Now there are slightly more than three. This downward trend in the ratio of workers to retirees is alarming and requires us to consider new options for stabilizing this important retirement program.

Just 15 years from now, Social Security payments to beneficiaries will begin to exceed incoming Social Security payroll taxes- and by 2038, if nothing is done, the Social Security trust fund will be depleted.

If we do not take serious action soon, we may ultimately face a grim long-term future that could come down to choosing among the following: 1) massive tax increases, 2) widespread cuts in other federal programs, or 3) deep federal borrowing and budget deficits. To give you a basic idea of how dire these choices will be, consider that if, in the year 2025, the federal government chose to cover Social Security's shortfalls through cuts in other government spending, it would have to cut the equivalent of the entire combined budgets of the Department of Energy, the Department of Commerce, the EPA, NASA, veteran's programs, Head Start, and WIC.

However, if we act soon, we have a much better chance of keeping Social Security solvent and a sound investment for our children and our grandchildren. We can choose to strengthen the program, provide citizens with the freedom to choose to invest, save, and provide Americans with ownership of their retirement funds. Indeed, a useful and essential beginning point toward long term modernization of Social Security is, I believe, the creation of a personal retirement account option.

Back in 1999, I held a series of hearings across the great state of Idaho. These Senior-to-Senior forums

enabled us to explore options for the Social Security program. At those hearings we discussed ideas that Idahoans had, the very ideas that the commission and the Nation are now talking about. Also, as the ranking member of the Senate Special Committee on Aging, I continue to be dedicated to making the modernization of Social Security a priority. Serious Social Security reform cannot occur overnight, but Congress must find the courage to act - and act soon. A Band-Aid will no longer be enough.

We have the opportunity to make a difference in the lives of our children and our grandchildren. We have that ability so long as we are willing to make some important decisions soon. We can sit back and do nothing and leave our children with a grim future, or we can stand up, face the task at hand, and modernize Social Security so future generations can truly count on retirement security. A legacy worth leaving.