

Social Security: OASI, DI, and Trust Funds—CBO’s January 2019 Baseline

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 until those workers reach the age at which they are eligible to receive full retired-worker benefits under OASI and to their families. 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.

Old-Age, Survivors, and Disability Insurance Trust Funds—CBO's January 2019 Baseline

January 28, 2019

Billions of Dollars, by Fiscal Year

	Actual, 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Income to Trust Funds												
Payroll Tax Revenues	855	902	940	978	1,015	1,055	1,098	1,141	1,185	1,231	1,278	1,327
Other Income												
Income taxes on benefits	36	36	39	42	45	49	52	56	66	72	77	82
Federal payroll tax, employer share ^e	18	18	18	19	20	20	21	22	22	23	24	25
Interest ^a	84	83	80	79	78	76	73	70	66	59	51	44
Subtotal, Other Income	138	137	138	141	144	145	146	148	154	154	152	151
Total Income	993	1,039	1,078	1,119	1,159	1,200	1,244	1,289	1,340	1,385	1,430	1,478
Outgo From Trust Funds												
Benefits ^b	977	1,034	1,096	1,165	1,239	1,317	1,397	1,481	1,568	1,658	1,753	1,850
Discretionary Administration	6	6	6	6	7	7	7	7	7	8	8	8
Treasury Administration	1	1	1	1	1	1	1	1	1	1	1	1
Railroad Retirement Transfer	5	5	5	5	5	5	5	5	5	5	5	5
Total Outgo	988	1,045	1,108	1,177	1,252	1,330	1,410	1,495	1,581	1,672	1,767	1,865
Net Cash Flow (Includes interest)												
OASI	-19	-6	-23	-51	-84	-119	-154	-191	-225	-267	-319	-369
DI ^{b,c}	24	1	-7	-7	-9	-10	-13	-14	-17	-20	-18	-18
Primary Cash Flow (Excludes Interest)												
OASI	-101	-86	-100	-127	-160	-192	-225	-260	-290	-326	-370	-412
DI ^{b,c}	21	-2	-10	-10	-11	-13	-15	-16	-18	-20	-18	-18
Balance (End of year)												
OASI	2,801	2,795	2,772	2,721	2,637	2,517	2,364	2,172	1,948	1,681	1,362	993
DI ^{b,d}	93	94	87	79	71	60	48	33	17	0	0	0

Components may not sum to totals because of rounding.

The primary cash flow excludes interest income to the trust funds. Positive cash flows represent surpluses. Negative cash flows represent deficits when the trust fund has assets sufficient to pay full benefits. When a trust fund is exhausted, a negative cash flow represents a shortfall.

DI = Disability Insurance; OASI = Old-Age and Survivors Insurance; SSA = Social Security Administration.

- a. Transfers from the general fund to the Social Security trust funds. Such transfers appear in the budget as both positive outlays (the general fund portion) and negative outlays, or offsetting receipts (the trust fund portion).
- b. CBO projects that the balance of the DI trust fund will be exhausted during fiscal year 2027. Under current law, SSA may not pay benefits in excess of the available balances in a trust fund, borrow money for a trust fund, or transfer money from one trust fund to another. However, following rules in the Deficit Control Act of 1985 (section 257(b)), CBO's baseline incorporates the assumption that SSA would pay DI benefits in full even after the balance of the trust fund is exhausted.
- c. The Bipartisan Budget Act of 2015 increased the share of Social Security payroll tax revenue credited to the DI trust fund for calendar years 2016 through 2018. As a result, net cash flow to the DI trust fund will be positive through fiscal year 2019.
- d. After balances are exhausted, this table shows a zero balance rather than a cumulative negative balance. For illustrative purposes, below are the cumulative shortfalls in the DI trust fund beginning in 2027. The first line shows only the accumulated primary deficits after exhaustion. The second line also includes "negative interest," a measure of the potential costs of financing the shortfalls. Future legislation would determine whether those shortfalls would be funded, and if so, whether the DI fund would pay financing costs.

DI Trust Fund Cumulative Shortfall (Billions of dollars, by fiscal year)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Not including interest	0	0	0	0	0	0	0	0	0	-3	-21	-39
Including negative interest	0	0	0	0	0	0	0	0	0	-3	-22	-41