

Social Security: OASI, DI, and Trust Funds—CBO’s April 2018 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 mainly from payroll taxes and interest on their balances. 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 April 2018 Baseline

(Billions of dollars, by fiscal year)

	Actual 2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Income												
Revenues	851	860	899	941	981	1,022	1,063	1,106	1,150	1,194	1,241	1,290
Other Income ^a												
Taxes on Benefits	37	34	36	39	42	45	48	52	56	66	73	78
Federal Employer Share	17	17	18	18	19	20	20	21	22	22	23	24
Interest	87	84	81	79	78	77	74	71	68	63	57	50
Subtotal, Other Income	141	136	135	137	139	142	143	144	145	152	153	152
Total Income	992	996	1,034	1,078	1,121	1,164	1,206	1,250	1,295	1,346	1,395	1,442
Outgo												
Benefits ^b	934	979	1,038	1,104	1,174	1,247	1,324	1,404	1,489	1,577	1,670	1,768
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	945	991	1,050	1,116	1,186	1,260	1,337	1,418	1,502	1,591	1,684	1,782
Net Cash Flow (Includes Interest)												
OASI	23	-19	-13	-25	-51	-80	-113	-147	-184	-219	-261	-314
DI ^{b,c}	24	24	-3	-13	-15	-16	-18	-21	-23	-26	-28	-26
Primary Cash Flow (Excludes Interest)												
OASI	-61	-101	-90	-101	-127	-155	-185	-217	-252	-282	-318	-363
DI ^{b,c}	22	22	-6	-16	-17	-18	-20	-22	-23	-26	-28	-26
Balance (End of Year)												
OASI	2,820	2,801	2,789	2,764	2,713	2,634	2,521	2,374	2,190	1,971	1,710	1,397
DI ^{b,d}	69	94	91	77	62	46	28	7	0	0	0	0

Notes: Numbers may not add up 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.

OASI = Old-Age and Survivors Insurance; DI = Disability Insurance.

- a. "Other income" consists primarily of 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 receipt (the trust fund portion).
- b. CBO projects that the balance of the DI trust fund will be exhausted during fiscal year 2025. Under current law, the Social Security Administration (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, cash flow to the DI trust fund is positive through 2018.
- 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 2025. 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 these shortfalls would be funded, and if so, whether the DI fund would pay financing costs.

	DI Trust Fund Cumulative Shortfall (Billions of dollars)											
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Not including interest	0	0	0	0	0	0	0	0	-17	-42	-71	-97
Including negative interest	0	0	0	0	0	0	0	0	-17	-44	-74	-104