

**WASHINGTON POST – February 7, 2005**

## **Cheney: Social Security Plan to Cost Trillions**

***By Christopher Lee***

Vice President Cheney acknowledged yesterday that the federal government would need to borrow trillions of dollars over the next few decades to cover the cost of the personal retirement accounts at the heart of President Bush's plan to restructure Social Security.

Appearing on "Fox News Sunday," Cheney said the government would have to borrow \$754 billion over the next 10 years, and conceded that the price tag would involve borrowing trillions of dollars more in subsequent decades.

"That's right. Trillions more after that," Cheney said in response to a question.

Despite such costs, the vice president said the price tag of restructuring the system would grow even more expensive if changes to Social Security were delayed.

"The real cost over time is doing nothing," he said. "Because if we do nothing, then the system is going to go belly up. It's going to go broke."

Cheney said that allowing younger workers to divert part of their Social Security payroll tax contributions into personal stock and bond accounts would allow the money to grow more than if it had remained in the traditional system.

Bush has described Social Security, a 70-year-old retirement and disability program, as facing an impending financial "crisis" deserving immediate attention. Many Democrats and a few Republicans say the program's problems are not that dire.

Within 20 years, the retiring baby boom generation will begin earning more in Social Security benefits than workers are expected to be paying in taxes, a shortfall forecast to increase every year from then on. To ease the long-term shortage, the Bush administration wants to slow the growth in benefits but allow people to divert about a third of their share of Social Security taxes into personal retirement accounts, a move that would take billions of dollars from the trust fund that finances the program.

In the years before the slower growth in benefits compensates for the loss in revenue, the government would have to borrow, raise other taxes or cut other spending to maintain benefits for Social Security recipients.

Bush has said all options are on the table except raising payroll tax rates.

On other subjects, Cheney, 64, declared that he would not be a candidate for president in 2008. He described the fiscal 2006 federal budget proposal the White House will send to Congress today as "the tightest budget that has been submitted since we got here."

The \$2.5 trillion budget is expected to reduce or eliminate more than 150 federal programs and to hold the overall growth of discretionary spending below inflation. The administration faces projections of a record deficit of \$427 billion.