The Unprecedented Debt Burdens Facing Millennials

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Chairman Price, Vice-Chairman Rokita, Ranking Member Van Hollen, and other Members of House Budget Committee, thank you for the opportunity to give testimony on the fiscal burdens faced by young Americans. Currently, I am a fellow at Economics21 at the Manhattan Institute for Policy Research. I am the coauthor, with Diana Furchtgott-Roth, of *Disinherited: How Washington Is Betraying America's Young* (Encounter Books, May 2015). Over the past three months, I have traveled across the country, to states such as California, Illinois, Michigan, Nevada, New York, Viginia, Wisconsin, and Wyoming, talking about my book and hearing millennials discuss the economic problems that they are facing.

Introduction

According to Bureau of Labor Statistics data released last week, young people ages 20 to 24 face an unemployment rate of over 9 percent.[1] More than six years into economic recovery, many millennials are asking, "What recovery?"

On top of unemployment, the labor force participation rate for young people is 72 percent. This is the similar to levels seen in the early 1970s, before the widespread movement of women into the workforce, and down from 78 percent, a level which was seen as recently as 2001.[2]

This slow labor market "recovery" for young people is especially problematic given that millennials are facing two separate, unprecedented financial burdens. The first, student loan debt, was a burden that young people chose to incur, though increasing debt levels have been driven by poor federal policies. The second type of financial burden, unfunded health and retirement programs, was never voted on or approved by the young, yet they are still liable for the countless unfunded promises made by past policymakers.

America's federal policies on higher education and health and retirement programs need to shift to reflect the growing public realization that both of these growing debts and the burdens that they place on millennials' futures are unsustainable and unfair. Action sooner, rather than later, is no longer an option—it is a necessity.

[1] Bureau of Labor Statistics, Current Population Survey, September 4, 2015.
[2] *Ibid.*

Student Loan Debt

Many young people today find themselves in a lose-lose situation. They are told that 21st-century jobs require a college education and that if they do not attend college, they will be unemployable. To get to college, they need loans—loans that they can pay off only if they have jobs. Some graduate with the college loans and have a difficult time finding jobs. Others do not graduate, and still have to pay back the loans.

As college tuition continues to grow, debt loads increase, and delinquency and default rates on that debt rise. It is more important than ever that the young come out of college with promising employment prospects.

While employment prospects for college graduates are admittedly better than those of young non-graduates, graduates' future outlooks are not always positive. Over 8 percent of graduates younger than 25 were unemployed last year, compared with 3 percent of graduates older than 25. In 2007, before the Great Recession, only 6 percent of recent college graduates under 25 years old were unemployed. In 2000, at the end of the Clinton administration, this number was 4 percent.[3]

The unemployment of college graduates does not account for those who are employed in full-time jobs that do not require a college education. Even for those who can find a job, the picture is still not rosy. Including those who have become so discouraged that they have given up looking for work, and those who are working part-time even though they want full-time jobs, almost 44 percent of recent college graduates are underemployed, compared with 34 percent in 2001, according to the New York Federal Reserve.[4]

With these numbers, why should everyone go to a four-year college right after graduating from high school? Many young people benefit from attending a university and studying the liberal arts. This is not the majority, however, and federal policy should not be built around these individuals. The current federal student loan structure effectively does just that.

Washington has removed federal insurance for lenders of student loans and made the federal government the primary direct lender of these loans. But that does not mean the

[3] Heidi Shierholz, Alyssa Davis, and Will Kimball, "The Class of 2014," Economic Policy Institute, May 1, 2014, http://www.epi.org/publication/class-of-2014/.

[4] Jaison R. Abel, Richard Deitz, and Yaqin Su, "Are Recent College Graduates Finding Good Jobs?" *Current Issues in Economics and Finance*, Federal Reserve Bank of New York 20, no. 1 (2014), http://www.newyorkfed.org/research/current_issues/ci20-1.pdf.

loan system has been fundamentally reformed. At $1.3 trillion,[5] student loan debt is widespread and requires those in Washington to think beyond ordinary solutions and put everything on the table—including the federal government's $165 billion annual programs of Pell grants, student loans, and tax credits.[6]

Over 40 million Americans carry student loan debt.[7] Fourteen percent default within the first three years,[8] and the 90-day delinquency rate is 11 percent. This is higher than the delinquency rate for residential real estate loans (2 percent), and the credit card delinquency rate (8 percent).[9]

From the beginning of 2004 to the end of 2014, overall student loan debt increased by 327 percent, while all other categories of non-housing debt increased by just 8 percent.[10] Perhaps this helps to explain why Wells Fargo found that one-fourth of millennials do not think college was worth the cost.[11]

Student loan debt is the only household debt that continued to rise during the recession, and young Americans owe more of it.[12] For the undergraduate class of 2012, about 70 percent of college graduates needed student loans, and average debt at graduation approached $30,000. These recent graduates differ drastically from the class that graduated college in 1993, when less than half of students needed loans before they could walk across the stage to receive their diplomas. In constant dollars, these loans averaged below $10,000—one-third of today's average debt load.[13]

No one wants to get a loan. Far better to be able to pay for college out of current income, or, even better, have parents pay. But this is no longer possible for most people. College tuition has increased by 1,200 percent since records began in 1978—while food costs

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[5] "Student Loan Debt Clock," FinAid.org, accessed September 1, 2015, http://www.finaid.org/loans/studentloandebtclock.phtml.
[6] "Trends in Student Aid 2014," College Board, https://secure-media.collegeboard.org/digitalServices/misc/trends/2014-trends-student-aid-report-final.pdf.
[7] *Ibid.*
[8] "Three-year Official Cohort Default Rates for Schools," U.S. Department of Education, September 22, 2014, http://www2.ed.gov/offices/OSFAP/defaultmanagement/cdr.html.
[9] "Quarterly Report on Household Debt and Credit," Federal Reserve Bank of New York, August 2015, http://www.newyorkfed.org/householdcredit/2015-q2/data/pdf/HHDC_2015Q2.pdf.
[10] "Quarterly Report on Household Debt and Credit," Federal Reserve Bank of New York, August 2014, http://www.newyorkfed.org/householdcredit/2014-q2/data/pdf/HHDC_2014Q2.pdf.
[11] "More than Half of Millennials Say Debt Is Their 'Biggest Financial Concern,' According to Wells Fargo Survey," Wells Fargo, May 22, 2013, https://www.wellsfargo.com/press/2013/20130522_MorethanhalfofMillennials.
[12] Donghoon Lee, "Household Debt and Credit: Student Debt," Federal Reserve Bank of New York, February 28, 2013, http://www.newyorkfed.org/newsevents/mediaadvisory/2013/Lee022813.pdf.
[13] "Quick Facts About Student Loan Debt, The Institute for College Access & Success, March 2014, http://ticas.org/sites/default/files/pub_files/Debt_Facts_and_Sources.pdf.

have risen only 250 percent over the same period.[14]

Not only does the government's $165 billion annual spending on Pell grants, student loans, and tax credits do little to offset the burden, but it is contributing to the problem. Rather than fulfilling their original mission of opening the doors of the ivory tower to low-income students, government financial-aid programs have raised the costs of higher education.

William Bennett, secretary of education from 1985 to 1988, coined the "Bennett hypothesis." It goes as follows: "Increases in financial aid in recent years have enabled colleges and universities blithely to raise their tuitions, confident that federal loan subsidies would help cushion the increase." That is why automatically providing student loans through the government (which is how the system has worked since 2010) or offering loans at low interest rates subsidized by the government increases the demand for college education. These low rates allow schools to raise tuition costs exponentially—and they have been doing just that.

The federal loan program is effectively an individually-tailored subsidy for each school, because loan awards are in part based on how much it costs to attend a given college. The more a college raises its tuition, the more loan money the government will make available to students for tuition.

Adding support to the Bennett hypothesis, research from the U.S. Treasury Department found that for every dollar provided in tax-based aid, scholarships fell a dollar.[15] Recent research from the New York Federal Reserve estimated that every dollar in increased subsidized federal loans led to a 65 cent increase in tuition.[16] These findings show how the current system of federal student aid shifts the tuition burden from students and schools to taxpayers.

Further research on the Bennett hypothesis has shown that not all student loans affect tuition equally.[17] Aid targeted specifically at low-income students, such as Pell grants, have less of an effect on rising rates than do universally-available loans. The first

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[14] "Consumer Price Index—July 2015," Bureau of Labor Statistics, August 19, 2015, http://www.bls.gov/news.release/pdf/cpi.pdf.

[15] Nicholas Turner, "Who Benefits from Student Aid? The Economic Incidence of Tax-Based Federal Student Aid," *Economics of Education Review* 31, no. 4 (August 2012), pp. 463–481, http://www.sciencedirect.com/science/article/pii/S0272775711001968.

[16] David O. Lucca, Taylor Nadauld, and Karen Shen, "Credit Supply and the Rise in College Tuition: Evidence from the Expansion in Federal Student Aid Programs, Federal Reserve Bank of New York, July 2015, http://www.newyorkfed.org/research/staff_reports/sr733.pdf.

[17] Andrew Gillen, "Introducing Bennett Hypothesis 2.0," Center for College Affordability and Productivity, February 2012, http://centerforcollegeaffordability.org/uploads/Introducing_Bennett_Hypothesis_2.pdf.

category of loans allows students who may have not been able to go to college to attend, whereas the second type of loan often motivates students to attend more expensive colleges rather than choosing affordable options.

In many cases, students are not getting a better-quality education for their tuition dollars. Much of this funding is going toward administration. From 1976 to 2011, the number of full-time, non-academic professional employees at institutions of higher education grew by 386 percent, while part-time faculty grew by 286 percent. Although many students would benefit from more teaching, tenured and tenure-track professors increased by a meager 23 percent.[18] In addition to the hiring gap, there is also a spending gap: From 1998 to 2008, private research colleges increased spending on instruction by 22 percent but increased spending on institutional support by 36 percent.[19]

College presidents' pay has soared. In 2012, the highest-paid president at a private university was Rensselaer Polytechnic Institute's Shirley Ann Jackson, who received $7.1 million in compensation.[20] Among public universities, the highest-paid president is Ohio State's E. Gordon Gee, who in 2013 received $6.1 million.[21] At the other end of the scale, the president of Purdue University, former Indiana governor Mitch Daniels, receives $420,000, with an additional $126,000 if he raises student achievement and raises funds.[22]

A University does not lose by admitting federally-subsidized, underqualified millennials who do not graduate. The school still receives tuition payments, and if students drop out, other misled freshmen can easily take their places (and their funding) next semester. Only 39 percent of students entering four-year colleges graduate within four years. Within six years of entering college, the number of

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[18] John W. Curtis and Saranna Thornton, "Losing Focus: The Annual Report on the Economic Status of the Profession, 2013–2014," Academe, March–April 2014, American Association of University Professors, http://www.aaup.org/file/zreport.pdf.
[19] Donna M. Desrochers, Colleen M. Lenihan, and Jane V. Wellman, "Trends in College Spending: 1998–2008," Delta Cost Project, 2010, http://www.deltacostproject.org/sites/ default/files/products/Trends-in-College-Spending-98-08.pdf.
[20] "Executive Compensation at Private Colleges, 2012," Chronicle of Higher Education, December 8, 2014, http://chronicle.com/factfile/private-ec-2014#id=table.
[21] "Executive Compensation at Public Colleges, 2013 Fiscal Year," Chronicle of Higher Education, May 16, 2014, http://chronicle.com/article/Executive-Compensation-at/146519/#id=table.
[22] Brian Zink, "Purdue Trustees Establish Metrics for Daniels' At-Risk Pay," Purdue University, September 27, 2013, http://www.purdue.edu/newsroom/releases/2013/Q3/purdue-trustees-establish-metrics-for-daniels-at-risk-pay.html.

graduates is still below 60 percent.[23]

Low graduation rates are the main reason why the highest rates of default are seen from borrowers who take out less than $10,000.[24] For students who left school in 2009, 34 percent of borrowers who owed less than $5,000 had defaulted by 2014. This is far lower than the default rate of 18 percent for those who owed more than $100,000.

Students who have high levels of student loan debt tend to be graduates and often have advanced degrees. The earning premiums that come with graduating or earning a higher degree make it easier to manage high levels of debt. Alternatively, those with low levels of student loan debt are often college dropouts, and there is little to no wage premium for completing some college.[25]

The rationale for using taxpayer funds to pay for higher education is that students do not yet have the means to borrow the sums needed for education, and higher levels of education benefit the public. The late Nobel Prize–winning economist Gary Becker used the term "investing in human capital" to describe this use of funds. But when a high percentage of students do not graduate, and when many who do graduate cannot get a job upon graduation, something has to change. There are more beneficial ways to spend the $8,000 it can cost per class at a private university.

College should be an investment, but it is not always treated as such today. Brookings Institution scholars Isabel Sawhill and Stephanie Owen found a positive average return on investment from college. However, that average, at 10 percent annually, masks a broad distribution. At the low end, it was 6 percent; at the high end, it was 12. Of course, this is only counting the less than 60 percent of students who graduate from college within 6 years. Students' choices of major and school have a significant effect on future earnings and loan-repayment potentials.[26] The federal government makes such wasteful investments possible. Currently the same interest rate of 4.29 percent for direct

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[23] "Table 326.10. Graduation Rates of First-Time, Full-Time Bachelor's Degree-Seeking Students at 4-Year Postsecondary Institutions," National Center for Education Statistics, U.S. Department of Education, January 2015, https://nces.ed.gov/programs/digest/d13/tables/dt13_326.10.asp.

[24] Andrew Haughwout, Donghoon Lee, Joelle Scall, and Wilbert van der Klaauw, "Student Loan Borrowing and Repayment Trends, 2015," Federal Reserve Bank of New York, April 16, 2015, http://www.newyorkfed.org/newsevents/mediaadvisory/2015/Student-Loan-Press-Briefing-Presentation.pdf.

[25] Jaison R. Able and Richard Deitz, "Do the Benefits of College Still Outweigh the Costs?" Federal Reserve Bank of New York, *Current Issues in Economics and Finance* 20, no. 3 (2014), http://www.newyorkfed.org/research/current_issues/ci20-3.pdf.

[26] Isabel V. Sawhill and Stephanie Owen, "Should Everyone Go to College?" Brookings Institution, May 8, 2013, http://www.brookings.edu/research/interactives/2013/college-return-on-investment-sawhill.

undergraduate loans applies to everyone regardless of future career prospects.[27]

Many students do not consider labor-market demand when choosing a major. In 1985, 22 percent of majors were in science, technology, engineering, and mathematics (STEM) fields. Today that number is 16 percent.[28] Looking at specific majors, George Mason University economist Alex Tabarrok notes that while 50 percent more students are in college now compared with the percentage of students in 1985, the number of microbiology and computer-science majors has barely increased.[29] The question remains: How can these jobs, or lack of jobs, lead to repaying massive taxpayer-provided debt? The answer: They cannot.

Outstanding student loan debt is indeed a crisis. The job market for millennials remains weak, college costs continue to rise, and the government has yet to take meaningful action to reform higher education financing. Talk of "free" or "debt-free" college does nothing to address the underlying reason why student loan debt is increasing—the perverse incentives created by federal student aid programs.

Still, there is hope. A multitude of community colleges, innovative new financing models, cheaper online access to high-quality education, and the strength and diversity of American higher education all offer chances at successful reform that would go a long way toward turning around students' crushing debt burdens.

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[27] "Interest Rates for Direct Loans First Distributed on or After July 1, https://studentaid.ed.gov/sa/types/loans/interest-rates.

[28] "Table 318.20. Bachelor's, Master's, and Doctor's Degrees Conferred by Postsecondary Institutions, by Field of Study: Selected Years, 1970–71 through 2011–12," National Center for Education Statistics, U.S. Department of Education, accessed August 8, 2014, http:// nces.ed.gov/programs/digest/d13/tables/dt13_318.20.asp.

[29] "Table 322.10. Bachelor's Degrees Conferred by Postsecondary Institutions, by Field of Study: Selected Years, 1970–71 through 2011–12," National Center for Education Statistics, U.S. Department of Education, accessed August 8, 2014, http://nces.ed.gov/programs/digest/d13/tables/dt13_322.10.asp.

Health and Retirement Programs

Many people know that America is $18 trillion in debt, but few know that this only captures a portion of the total fiscal burden.[30] When future spending obligations on health and retirement programs, such as Social Security and Medicare, are compared with future tax obligations, the so-called fiscal gap is $210 trillion.[31] This is 12 times GDP and 16 times official debt held by the public. Past laws and current inaction by policymakers have placed a substantial fiscal burden on young Americans who never voted for these health and retirement programs.

Paying off the amount of the federal fiscal gap would require an immediate and permanent 57 percent increase in all federal taxes. In 20 years, this amount becomes 69 percent, and in 30 years, 76 percent. Another way to close the fiscal gap would be to institute immediate and permanent cuts of 37 percent in all federal spending except that which services the debt; in 20 years, this number becomes 43 percent, and in 30 years, 46 percent.[32] Neither of these options is politically feasible, but the consequences of delayed action only worsen as time passes.

Absent reforms to promised benefits, young Americans are left with two options. They can either pay substantially higher taxes than their parents do, while not receiving any more benefits, or they can pay the same rate as their elders and receive far fewer benefits. Both outcomes are grossly unfair for millennials.

Many older Americans do not see their Social Security checks as government handouts because they paid Social Security taxes during their entire careers. They were told that the Social Security system would invest their hard-earned money and use the returns to ensure that they had comfortable retirements. But owing to a series of unfunded promises, Social Security has turned into a pay-as-you-go system in which the money retirees paid in, as payroll taxes taken out of each paycheck, was spent long ago and the money young people are now paying goes directly to retirees. This system is neither sustainable nor fair.

Washington has been reluctant to fix this system, all while the federal deficit and the bill for unfunded promises grow. Most politicians have not acknowledged how much this

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[30] "The Daily History of the Debt Results," TreasuryDirect, accessed September 1, 2015, http://www.treasurydirect.gov/govt/reports/pd/pd_debttothepenny.htm.

[31] Laurence Kotlikoff, "America's Fiscal Insolvency and Its Generational Consequences," Testimony to the Senate Budget Committee, February 25, 2015, http://www.kotlikoff.net/sites/default/files/Kotlikoffbudgetcom2-25-2015.pdf.

[32] Laurence Kotlikoff, "Assessing Fiscal Sustainability," Mercatus Center, December 12, 2013, http://mercatus.org/publication/assessing-fiscal-sustainability.

system hurts young people. Partly because older Americans are a large voting bloc, politicians have resisted increasing the amount of money that older people pay to the health and retirement programs they gain from, or slowing the growth of benefits.

Even though most parents and grandparents desire a sustainable health and retirement system that will offer their progeny secure retirements, entrenched interests that claim to represent their views choose to protect generous benefits for today's retirees and disregard the future.

It is not just that young people are paying for their elders' health and retirement programs, but that those currently in Washington are handicapped by decisions made by previous administrations. Health and retirement programs were created and essentially set on autopilot. Since then, they have grown in scope and scale.

Federal mandatory spending in 2015 on programs such as Social Security and Medicare equaled 13 percent of GDP, whereas discretionary spending was 7 percent of GDP.[33] This leaves less money for more-essential functions of government.

Washington has not mustered the political will to make the health and retirement programs it has inherited sustainable. Now the government finds itself unable to adapt to 21st-century challenges, as it is increasingly constrained by laws passed in the 20th century. Young Americans are funding Social Security and Medicare for the current population of elderly Americans, but the programs are scheduled to go insolvent and stop paying full benefits long before young people reach retirement age.

If Washington does not change present law, the Social Security trust fund will be depleted by 2034. This means that for people retiring in 20 years, those Social Security checks will not be paid in full. The Hospital Insurance component of Medicare is scheduled to exhaust its trust funds by 2030. [34]

When taken together, Social Security and Medicare accounted for 42 percent of federal spending in 2014.[35] Even though Social Security and Medicare are on an unsustainable path, young people and their employers continue to pay a combined 15.3 percent of their paychecks into the programs, funding current retirees with contributions the

[33] "The 2015 Long-Term Budget Outlook," Congressional Budget Office, June 2015, https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/50250-LongTermBudgetOutlook-3.pdf.
[34] "Status of the Social Security and Medicare Programs," Social Security and Medicare Boards of Trustees, Social Security Administration, 2015, http://www.ssa.gov/oact/TRSUM/tr15summary.pdf.
[35] "A Summary of the 2015 Annual Reports," Social Security and Medicare Boards of Trustees, Social Security Administration, 2015, http://www.ssa.gov/oact/trsum/.

young will, absent reforms, never see paid fully back.[36]

If trends continue, workers could be paying a combined employer-employee payroll tax cost rate of 31 percent in 2050 just to cover Medicare and Social Security payments.[37] This rate is double the cost rate today. A 31 percent payroll tax is unimaginable now and a major cut to take-home pay that will severely affect consumer spending and investment.

The beginnings of Social Security go back to 1935, when the Social Security Act became law. The Act was intended to provide for the needy and destitute and had humble beginnings. In 1937, the program included a mere 53,236 beneficiaries who received a total of just $22 million in today's dollars.[38] Considering that the American government now spends $7 million a minute, this was not a substantial amount of money by today's standards.[39] By the end of 2014, total beneficiaries amounted to 59 million—over 1,000 times more beneficiaries than in 1937.[40] In fiscal year 2014, Social Security cost $845 billion—nearly 40,000 times what it cost in 1937, adjusted for inflation—amounting to 24 percent of federal spending.[41]

Social Security needs to move from a pay-as-you-go system, where what is paid in is quickly paid out, to a sustainable system that allows payments to grow as investments that can help pay for retirement. An adjustment in benefit calculations and an increase in the retirement age, sooner rather than later, will go a long way toward correcting Social Security's troubled finances. If the program is to be there for young people when they retire, something has to change—and fast.

Social Security is not the only major program that is facing serious actuarial problems. The projected aggregate cost of Medicare is staggering, and it is the main driver of increasing U.S. debt. The Congressional Budget Office has estimated that, under an

[36] "Topic 751—Social Security and Medicare Withholding Rates," Internal Revenue Service, August 27, 2015, http://www.irs.gov/taxtopics/tc751.html.

[37] "2015 Annual Report," Board of Trustees, Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds," July 22, 2015, http:// http://www.ssa.gov/oact/tr/2015/tr2015.pdf.

[38] Larry Dewitt, "The Development of Social Security in America," *Social Security Bulletin* 70, no. 3 (2010), http://www.ssa.gov/policy/docs/ssb/v70n3/v70n3p1.html.

[39] "Updated Budget Projections: 2015 to 2025," Congressional Budget Office, March 9, 2015, p. 2, https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/49973-UpdatedBudgetProjections_0.pdf.

[40] "Social Security Beneficiary Statistics: Number of Beneficiaries Receiving Benefits on December 31, 1970–2014," Social Security Administration, http://www.ssa.gov/oact/STATS/OASDIbenies.html.

[41] "Updated Budget Projections: 2015 to 2025," Congressional Budget Office, March 9, 2015, https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/49973-UpdatedBudgetProjections_0.pdf.

extended baseline, Medicare expenditures as a percentage of GDP would grow from 3 percent today to 5.5 percent in 2040, and further upwards from there.[42]

Medicare's modest origins can be traced to 1965, when President Lyndon Johnson signed it into law. The program was designed to provide medical care for those 65 and older, at a time when life expectancy was about 70 years. In 1966, 19 million people signed up for the program,[43] and by 1970 it cost $30 billion in today's dollars.[44] By 2014, 52 million people were enrolled—nearly a threefold increase. The program paid $597 billion in benefits in 2014—20 times higher than costs in 1966—which represented 14 percent of total federal outlays that year.[45] To understand just how much the program has expanded in the last 35 years, consider that as recently as 1980 Medicare spending amounted to an inflation-adjusted $104 billion, covering 28 million people.

As these programs balloon, the old gain, and the young pay. Adjustments to Medicare's growth rate, both in terms of coverage and cost, need to be seriously evaluated if the program is going to remain viable for those who are currently paying for it.

It should be celebrated that life expectancy has increased since Social Security and Medicare were created. However, these programs need to adjust with the changing reality. While poverty among some members of the elderly population is still a problem, today's retirees differ drastically from those of the past in terms of wealth. The average household headed by someone 65 years and older has nearly 50 times the wealth of a household headed by someone 35 years and younger. In 1984, this ratio was 10:1.[46]

Older Americans view their health and retirement programs favorably, even though keeping the status quo means that young people will pay the price. A greater understanding of how younger Americans will end up shouldering the burdens of these programs is necessary if older Americans are going to change their views. No

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[42] "The 2015 Long-Term Budget Outlook," Congressional Budget Office, June 2015, https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/50250-LongTermBudgetOutlook-3.pdf.
[43] "Medicare Enrollment: National Trends 1966–2008," Centers for Medicare and Medicaid Services, https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/MedicareEnrpts/downloads/HISMI08.pdf.
[44] "2013 Medicare & Medicaid Statistical Supplement," Centers for Medicare and Medicaid Services, Table 1.3, https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/MedicareMedicaidStatSupp/2013.html.
[45] "The Facts on Medicare Spending and Financing," The Henry J. Kaiser Family Foundation, July 24, 2015, http://kff.org/medicare/fact-sheet/medicare-spending-and-financing-fact-sheet/.
[46] Richard Fry et al., "The Rising Age Gap in Economic Well-Being," Pew Research Center, November 7, 2011, http://www.pewsocialtrends.org/2011/11/07/the-rising-age-gap-in-economic-well-being/.

president, Republican or Democrat, has succeeded in trimming health and retirement programs. No Congress has passed laws making significant adjustments to the programs.

President George W. Bush started exploring Social Security reform in his first term. But it was not until 2004, after winning reelection, that he actively pushed to allow individuals to put a portion of their Social Security contributions into private accounts and then pass the accounts on to their heirs at death. Unfortunately, as with most attempts to take on "the third rail of American politics," his efforts failed. While his proposals were far from perfect, opponents shut down debate before the county had a chance to have a constructive public discussion. Similarly, some individuals and think tanks have suggested solutions to Medicare's fiscal woes, but public support for these adjustments has not reached the level necessary for policy change.

While the situation is dire, there is hope for reform. The American public has a newfound concern about mounting federal debt—nearly 8 in 10 Americans agree that the national debt should be among Washington's top three priorities—and some members of Congress are starting to respond to public pressure.[47] A strong majority—73 percent—of millennials favor allowing people to have private Social Security accounts.[48] While righting the course of America's fiscal ship will not be easy, delaying action will only make matters worse.

It is the job of those elected politicians who said they would tackle the deficit to offer alternatives for debate and discussion, rather than pushing the problem down the road, on the backs of younger Americans. Young people did not incur these debts, and forcing them to face consequences they do not deserve is neither fair nor conducive to future economic growth.

[47] "Fiscal Confidence Index: July 2014 Results," Peter G. Peterson Foundation, July 29, 2014, http://pgpf.org/_fiscalconfidenceindex/results-2014July.
[48] "Millennials: The Politically Unclaimed Generation," Reason-Rupe Spring 2014 Millennial Survey, http://reason.com/assets/db/2014-millennials-report.pdf.