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Washington, DC 20006

United States Congress
Washington, D.C. 20004

Dear Member of Congress:

Social Security Works is strongly urging Congress to reject President Trump's plan to attack Social Security. We urge you to oppose all cuts to Social Security's funding.

Cutting the Social Security contribution rate, as President Trump said he was considering, is a Trojan horse. It looks like a gift to working Americans. But in reality, it is part of a longstanding effort to end Social Security. We stand united against this effort and look forward to your support for the same.

The proposed cut is branded as an economic stimulus, but there are many better ways to achieve that goal. Indeed, cutting the Social Security contribution rate is a particularly poor way. The largest breaks would go to those with higher incomes—who are more likely to simply save the cut and less likely to spend it. Moreover, millions of state and local employees and thousands of federal employees who don't participate in Social Security would get nothing.

If the president truly wanted to stimulate the economy through tax breaks, he could reinstate the Making Work Pay Tax Credit, which President Obama and Congress employed in 2009 and 2010. Unlike cutting the Social Security contribution rate, that tax cut was targeted to those who were least likely to simply save it and most likely to spend it in their local economies immediately. In contrast, a cut in the Social Security contribution rate would undermine Social Security.

Since the 1980s, opponents, who had long tried but failed to cut government programs directly, discovered a new tactic. They realized that they could undermine government and eventually force cuts to government spending by cutting taxes and, in their words, "starving the beast." Now, President Trump appears to be making plans to use that same tactic against Social Security.

If the proposed reduction in Social Security's dedicated revenue were not replaced with other revenue, it would drastically increase Social Security's projected shortfall. This is a sharp contrast with the will of the American people, to expand Social Security and increase its dedicated revenue. A Trump rate cut, with no revenue replaced, would make expanding and not cutting Social Security harder to achieve.

At the same time, if the proposed reduction were replaced by general revenue, that would threaten the program's fundamental structure that has made it so overwhelmingly popular over its 84-year history. Social Security is wage insurance that the American people earn as part of their compensation and fund with deductions from their pay. It is not a government handout.

It is instructive to note that Social Security contributions are mandated by the Federal Insurance Contributions Act (“FICA”). It is useful to pause and reflect on the name, the Federal Insurance Contributions Act. It is common today to refer to Social Security insurance contributions as payroll taxes, but that is misleading. Referring to Social Security premiums as taxes blurs the distinction between them and other taxes. Obviously, if government mandates payments, that can be called a tax. But, as its name indicates, FICA payments are insurance contributions—premiums—that workers pay for their insurance protection when wages are lost in the event of old age, disability, or death.

Because they are premiums, not mere taxes, those funds are held in trust and can be used only for Social Security. Because no benefits can be paid unless their cost is covered by Social Security’s dedicated revenue and because Social Security has no ability to borrow money, it does not and cannot add to the deficit. If Social Security’s dedicated revenue were replaced with general revenue, as President Trump may be considering, that would no longer be true. This would unquestionably weaken the ability of Americans to count on their earned benefits.

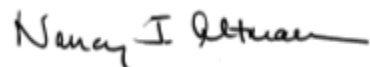
The Trump proposal to cut these premiums is likely to deepen the understandable but mistaken belief held by much of the public that Congress is stealing their Social Security contributions. Past Congresses have worked hard to maintain a wall between the government’s general fund and Social Security’s dedicated funds, which, by law, must be held in trust and used only for Social Security.

Even discussion of the proposal reinforces the public perception that elected leaders are cavalier with the Social Security contributions they are supposed to be overseeing. Reducing those contributions for non-Social Security purposes—including stimulating the economy—certainly violates the spirit of what it means to be a fiduciary of funds held in trust for others.

If Trump truly wanted to help the economy and the middle class, he would be seeking to expand Social Security, while requiring the wealthiest among us to pay their fair share.

Congress should not allow any cuts to Social Security.

Sincerely,



Nancy J. Altman
President
Social Security Works