



SOCIAL SECURITY WORKS
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Washington, DC 20006
SocialSecurityWorks.org

Dear Member of Congress:

Social Security Works strongly opposes the McConnell proposal to “defer” the employer Social Security insurance premium (i.e. Federal Insurance Contributions Act payment). Even though the proposal is couched in terms of deferral, it is hard to imagine that in January, Congress will truly allow employers’ FICA contributions to rise – or even be restored. Social Security supporters see this for what it truly is – a dangerous assault on our Social Security system.

The proposal replaces Social Security’s dedicated revenue with deficit-funded general revenue, which undermines the structure of this vital program, a structure that has stood the test of time. Since there are much better ways to deliver the same relief to employers, we see this as callously using the coronavirus pandemic as a cover for an attack on Social Security. We urge you, as emphatically as we can, to oppose this proposal.

The proposal is a Trojan Horse. It appears to be a gift, in the form of business tax relief, but it endangers working Americans’ fundamental economic security. While the goal of the proposal is stated in terms of employer relief, its most important impact, if not its intent, is to do what opponents of Social Security have been unable to do – end Social Security as we know it.

A much better proposal has been put forward by Sen. Ron Wyden (D-OR). As [he describes it](#), his plan would send emergency rebate checks to small businesses to address immediate cash flow needs and replace the demand many are losing due to quarantines. Wyden’s plan gets money to employers much faster, allowing them to keep employees on the payroll through this crisis. The only reason to support the McConnell proposal above the Wyden plan is to undermine Social Security.

What McConnell is proposing to cut, to be clear, are Federal Insurance Contributions Act payments. As the name indicates, these payments are not general taxes, but insurance contributions, or, in today’s parlance, insurance premiums. By law, they can only be used to pay Social Security insurance benefits and their associated administrative costs. Social Security has no borrowing authority. Consequently, Social Security does not and, by law, cannot, add even a penny to the deficit. If Social Security were ever to have insufficient revenue to cover every penny of these costs, those benefits would not be paid.

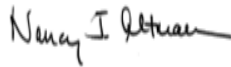
The late President Ronald Reagan eloquently [explained](#), in his words, “Social Security has nothing to do with the deficit.” This proposal seeks to change that simple fact, by replacing Social Security’s dedicated revenue with general revenue. (Of course, more accurately, the dedicated revenue would be replaced with borrowed money since the general fund is running unprecedentedly large deficits.)

Employing general revenue will foreseeably increase the demand to cut “entitlements”, which McConnell has [already expressed](#) is his strong desire to do, once the pandemic is done. And attempts even to restore the employer payroll contribution rate to its previous level, let alone have them pay back the allegedly “deferred” contributions from this year, will be decried as a tax increase.

Too many Americans believe, understandably, that their Social Security contributions have been stolen. Using their contributions for economic stimulus would reveal that their elected officials indeed do not respect the fire wall between their contributions that are held in trust and can be used only for their dedicated purpose and the taxes they pay to the federal government that are held in the general fund and can be used for any constitutional purpose that Congress chooses.

Please know that we and our allies in the Social Security community are watching closely to see how our elected officials deal with this proposal. Thank you for your consideration of our views.

Sincerely,



Nancy J. Altman
President



Alex Lawson
Executive Director