

Republican Plans to Cut Social Security and Medicare

The Republican Study Committee, which counts about 70% of House Republicans as members, released a budget [that would](#) raise the retirement age for Social Security and Medicare to 70, decimate middle class Social Security benefits, and voucherize Medicare.

Sen. John Thune, the second highest ranking Republican in the Senate, [has said](#) that he wants to use the debt limit to force cuts to Social Security and other programs. He specifically endorsed raising the retirement age.

Sen. Rick Scott [released a plan](#) to put Social Security and Medicare on the chopping block every five years, and [recently compared](#) spending on the programs to “alcoholism.”

Sen. Ron Johnson [wants to turn](#) Social Security and Medicare into discretionary spending, putting them in jeopardy every year, and [says](#) that Social Security was “set up improperly.”

Sen. Mike Lee [said](#) “It will be my objective to phase out Social Security, to pull it up from the roots and get rid of it.”

Sen. Lindsey Graham [says](#) that “entitlement reform is a must for us to not become Greece” and supports raising the retirement age.

Rep. Jason Smith, the new chair of the House Ways and Means Committee, [has said](#) he wants to use the debt limit to force cuts to Social Security and Medicare.

Former Vice President Mike Pence [wants to](#) “replace the New Deal” with a privatized Social Security, handing it over to Wall Street.

Recognizing that Social Security and Medicare cuts are unpopular [even with their base](#), Congressional Republicans are hiding their scheme in several ways. They use proposals and language, designed to confuse their constituents and make their eyes glaze over, to conceal the real goal: Draconian cuts to our earned benefits without political accountability.

Their language and proposals include:

- **Calling for “Entitlement Reform”**: This is a coded way to say “Social Security and Medicare cuts.” Focus groups show that most Americans do not believe politicians are talking about their earned benefits when they talk about “entitlements.”
- **Describing Their Goal as Reducing the Federal Deficit and Debt**: Social Security doesn’t add a penny to the deficit. By law, it can only pay benefits and related administrative costs if it has sufficient dedicated revenue to pay the cost. It has no borrowing authority. Moreover, it

currently has a \$2.9 trillion surplus. Section 13301 of the Budget Enforcement Act of 1990 [unambiguously states](#), “Notwithstanding any other provision of law, the...disbursements of [the Social Security trust funds] shall not be counted as...deficit...for purposes of (1) the budget of the United States Government, as submitted by the President, [or] (2) the congressional budget...” Notwithstanding this clear language, Republican politicians are treating the federal budget as a unified whole and seeking to impose arbitrary severe limits on all government spending, including Social Security. The specific proposals include:

- **Balanced Budget Amendment:** Republicans are planning to vote on a so-called “Balanced Budget Amendment,” which would limit spending on all government programs. Not only does it treat all spending as a unified whole, it essentially steals Social Security’s \$2.9 trillion surplus, because the amendment looks only at annual spending.
- **Responsible Budgeting Act:** Like the Balanced Budget Amendment, this proposal inappropriately treats all federal spending as a unified whole, and would hold the debt limit hostage to large cuts in Social Security and Medicare not just this year but from now on. Republicans in both the [House](#) and [Senate](#) have said that they will refuse to raise the debt limit unless Democrats give in to their demand to enact this bill.
- **Using Benign-Sounding Reforms as Euphemisms for Cuts.** These include:
 - **Means-Testing Social Security:** Because Social Security’s benefit formula is progressive, this proposal would reduce outgos by a trivial amount – essentially a rounding error – unless benefits are cut for those earning \$50,000 or even less. At the same time, it would cause administrative costs to skyrocket and convert Social Security from an earned benefit to one based on need, which would undermine its basic structure and popularity.
 - **Raising the Retirement Age:** Because of the way Social Security benefits are calculated, a one-year increase in Social Security’s retirement age translates to about a seven percent across-the-board benefit cut. Retirees never get that money back even if they work until age 70 or beyond. Though it cuts all benefits, it is especially harmful to those in physically demanding jobs who are unable to continue to work.
 - **Cutting Taxes:** The so-called Fair Tax Act, which Republicans plan to vote on, would defund Social Security and Medicare by eliminating the payroll contributions that fund the programs. It is a version of “starve the beast,” where they start with tax cuts they hope are popular but will force spending cuts down the road.
 - **Establishing an Investment Wealth Fund with Borrowed Money:** Senators Cassidy and King have been floating this idea. If Congress were to create such a fund, it should be

used for other programs that are not self-funded earned benefits. The proposal is being shopped as part of a larger plan that increases the retirement age by 2 ½ years and decimates middle class benefits, the true goal.

- **Using Process to Cut Benefits Without Facing Political Accountability:** These plans set in motion a process designed to allow Republicans to claim that they are not proposing cuts, even though everyone in Washington knows that cuts will be the end result. These proposals include:
 - **The TRUST Act and the Bipartisan Social Security Commission Act:** Both of these bills would [create](#) fast-tracked commissions to cut Social Security and Medicare behind closed doors. While **they may sound like well-intentioned efforts to “save” Social Security and Medicare, in reality, these bills give politicians cover to enact unpopular benefit cuts and claim they had no choice.**
 - **Requiring That All Federal Spending Sunset After Five Years or Turning Social Security and Medicare into Discretionary Spending:** Social Security and Medicare are both based on the fact that these are earned benefits that are guaranteed even if the payments are decades away. Without that guarantee, they cease to provide economic security that working families can depend on. If the guarantee is removed, as these proposals seek to do, future Congresses would have to vote regularly to maintain the programs. This could be used to force unpopular changes without facing clear political accountability.

BOTTOM LINE: Any changes to Social Security and Medicare should go through regular order. Congress should debate and vote on them in the sunshine. President Biden and Congressional Democrats are on the record favoring expanding Social Security with no cuts, while requiring the wealthiest to pay their fair share. Democrats have introduced several bills, which provide specifics, in recent Congresses. Republicans should offer their substantive changes and allow Congress to vote on both approaches side by side.