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CCSE work contributes to Congressional hearing on financing Social Security

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[Center on Capital & Social Equity](#) (CCSE) analysis and [advocacy](#) may have impacted yesterday's House Ways & Means subcommittee on Social Security [hearing](#) on the program's trust fund in several ways. Over the past years, CCSE has worked to explore issues affecting low-wage workers and [lay groundwork to defend their Social Security benefits](#) when Congress eventually refinances the nation's most important social program.

Both SSA's chief actuary and CBO's director pointed to growing [income inequality](#) as a key driver of Social Security's declining finances. Social Security revenue has been negatively impacted because income of US workers earning above Social Security's tax cap has grown much faster than the earnings of lower income workers. Total payroll subject to Social Security tax has dropped from 90% to 82%. Not mentioned at yesterday's hearing was the additional factor that [capital gains income](#), which is not subject to Social Security tax, has grown in relative size to labor income which provides most of the revenue sustaining the program. The government taxes capital gains income to finance Medicare, but not Social Security.

At the hearing, Rep. Brad Schneider (D-IL) emphasized that [raising the retirement age](#) again would be a benefit cut disproportionately impacting low- and middle-wage workers. Schneider pointed out that low-wage workers would suffer a greater loss of lifetime benefits because their life expectancy is many years lower than that of high-wage workers. CCSE has played a [lead role](#) on this issue.

In exploring different analytic methods used by CBO economists and SSA actuaries, Rep. Randy Feenstra (R-IA) grilled witnesses on how redeeming intra-government loans from the Social Security trust fund requires the government to draw from the general fund and sell bonds in the current

market because it needs hard cash to pay out benefits. Whether this increases the national debt remains a matter of intellectual debate and accounting methods. CCSE has taken the lead in exploring the interaction of [Social Security's trust fund and the overall federal budget](#).

Rep. Linda Sanchez (D-CA) went to bat for people of color and low-income workers who would be most hurt by benefit cuts. Sanchez referred to annual Congressional hearings on Social Security's looming insolvency as a frustrating kind of "groundhog day" experience. While it may be coincidence, her choice of words reflects the title of our recent [article](#) on the 2024 Social Security Trustees Report. She urged her colleagues to act quickly to bring the program into financial balance while meeting the needs of elderly and disabled workers and dependent family members.

Karl Polzer is founder of the Center on Capital & Social Equity.