



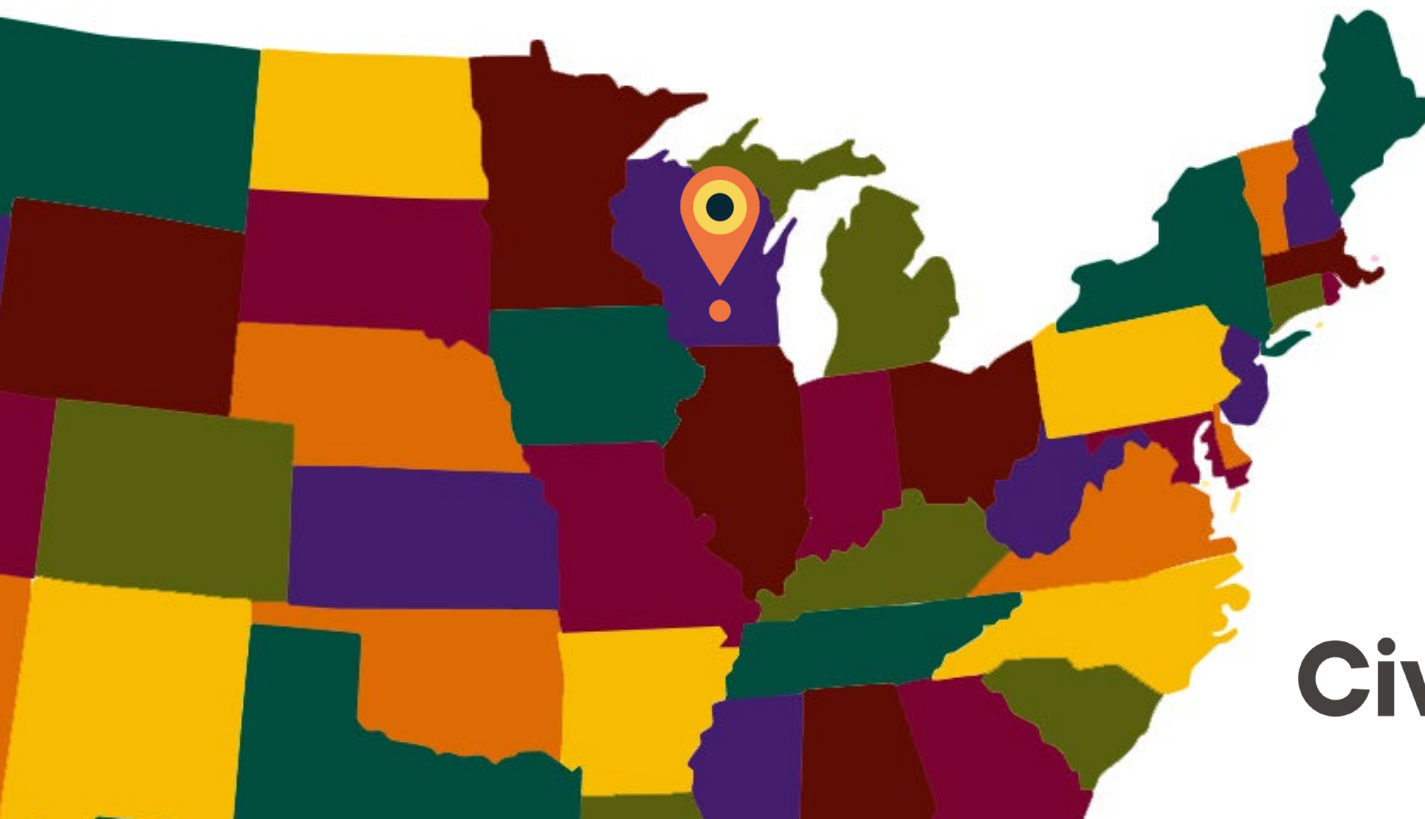
PROGRAM FOR PUBLIC CONSULTATION

SCHOOL OF PUBLIC POLICY, UNIVERSITY OF MARYLAND

# SURVEY ON SOCIAL SECURITY

Wisconsin's 2<sup>nd</sup> Congressional District

**SATURDAY, MARCH 27, 2021**



Presented by:



**Civic**Genius

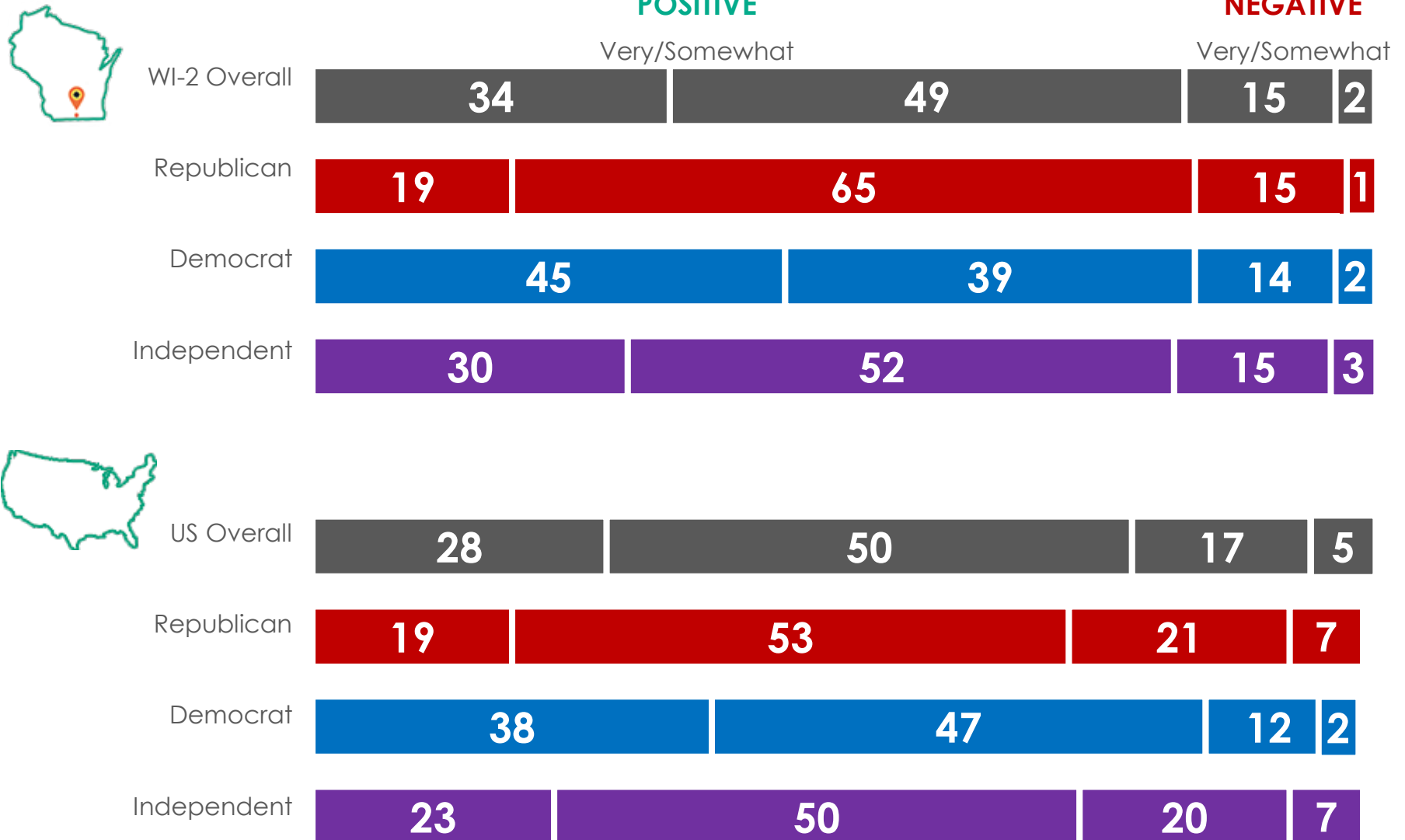
# METHODOLOGY

**Field Dates:** March 4-19, 2021

**Sample Size:** 406 Adult Residents of  
Wisconsin's 2<sup>nd</sup> Congressional District

# Views on Social Security

Overall, would you say your view of Social Security is:



# ADDRESSING THE SHORTFALL

The Social Security trustees project that in 2034, the Social Security Trust Fund will not have enough funds to pay the level of benefits that are scheduled to be paid by present law.

Benefits would then be financed from current payroll taxes only and would drop by 24%.

# Average Monthly Benefits

Average monthly benefit

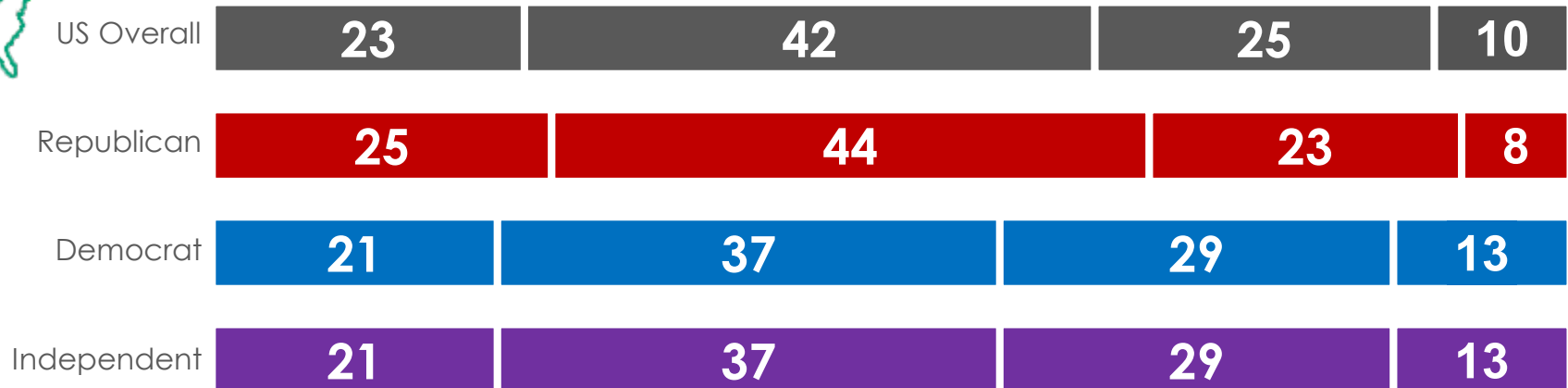
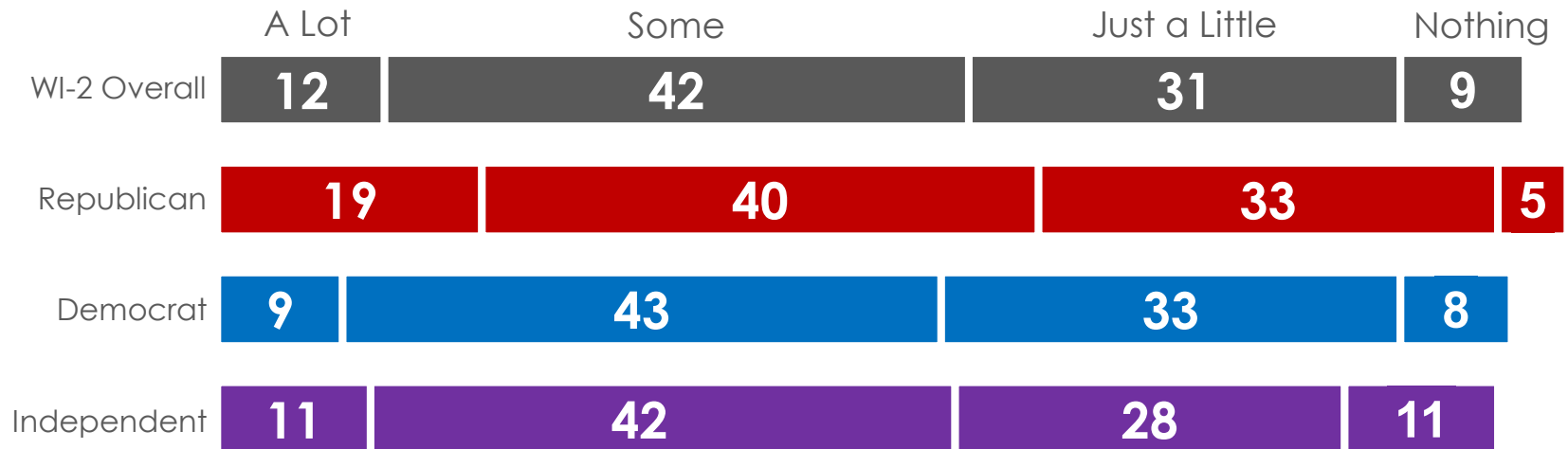
**\$1,921 / Month**

Average monthly benefit with **24% cut** if the  
Social Security Trust Fund is depleted by 2034

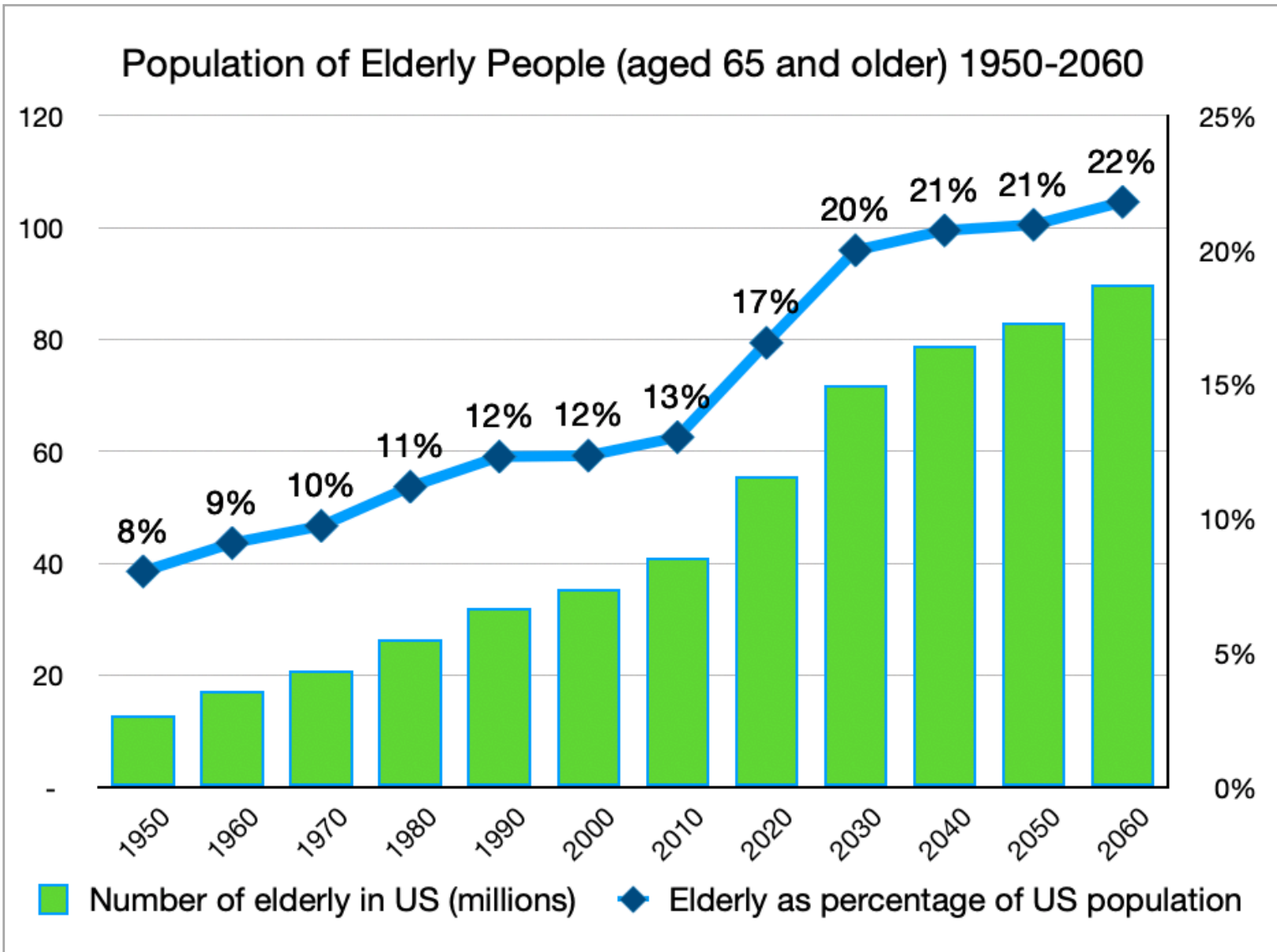
**\$1,460 / Month**

# Social Security Shortfall

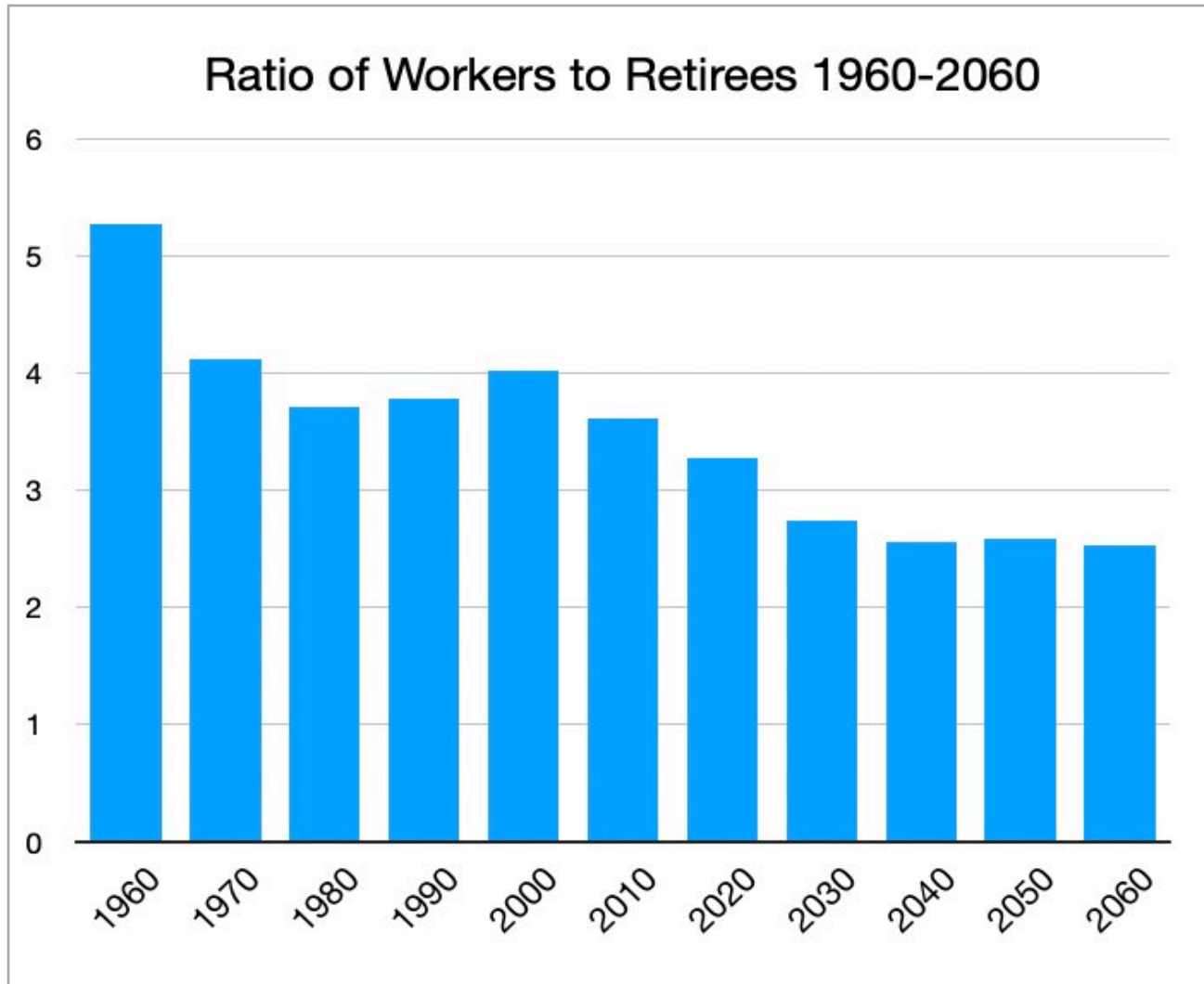
How much have you heard about the Social Security shortfall?



# Reasons for the Shortfall



# Reasons for the Shortfall



# ADDRESSING THE SHORTFALL

Lowering Benefits for  
Those With Higher Earnings

# Lowering Benefits for Those With Higher Earnings

## ARGUMENT IN FAVOR

Wealthier retirees have other ways to fund their retirement, but their benefits are higher than other people. This gap should be reduced so their benefits are more like others.

Convincing

WI-2 Overall

80

Republican

73

Democrat

88

Independent

73

## ARGUMENT IN FAVOR

The purpose of Social Security is to ensure that older or disabled Americans don't fall into poverty. It makes no sense that wealthier people receive higher benefits than people with lesser incomes.

Convincing

WI-2 Overall

69

Republican

65

Democrat

74

Independent

65

# Lowering Benefits for Those With Higher Earnings

## ARGUMENT AGAINST

Many proposals for reducing benefits based on income would end up hurting some in the middle class, particularly those who live in areas with a higher cost of living.

Convincing

WI-2 Overall

74

Republican

81

Democrat

75

Independent

69

## ARGUMENT AGAINST

Workers paid Social Security taxes on the promise they'd get this money back in the form of benefits. Reducing benefits violates this understanding and changes Social Security from a retirement program to a welfare program.

Convincing

WI-2 Overall

70

Republican

81

Democrat

65

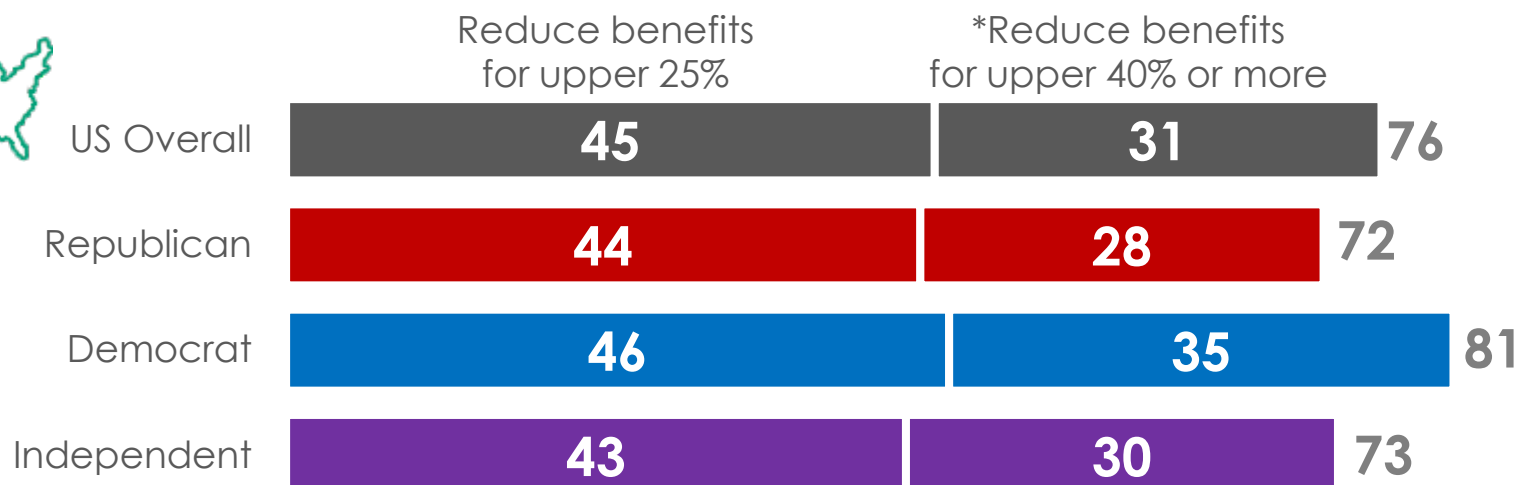
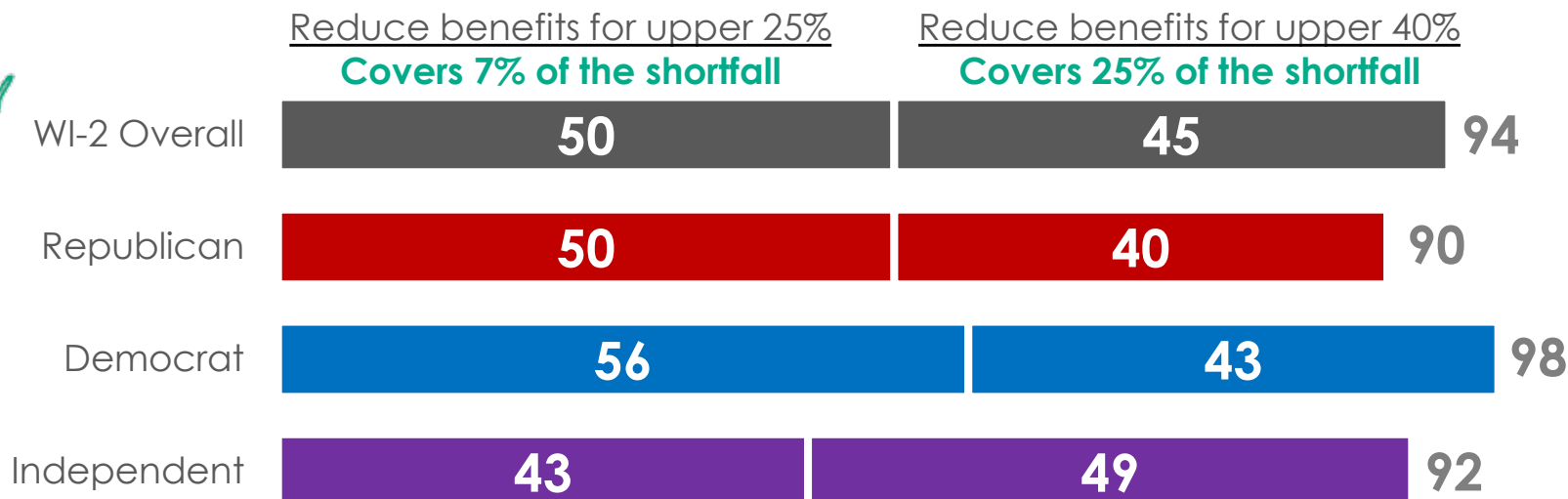
Independent

71

# Reducing Benefits

FINAL  
RECOMMENDATION

## Reduce Monthly Benefits of Those with Higher Earnings



\*In 2016, respondents were also offered a 3<sup>rd</sup> option to reduce benefits for the upper 50% of earners, covering 34% of the shortfall

# **ADDRESSING THE SHORTFALL**

**Raising the  
Retirement Age**

# THE AGE OF FULL RETIREMENT

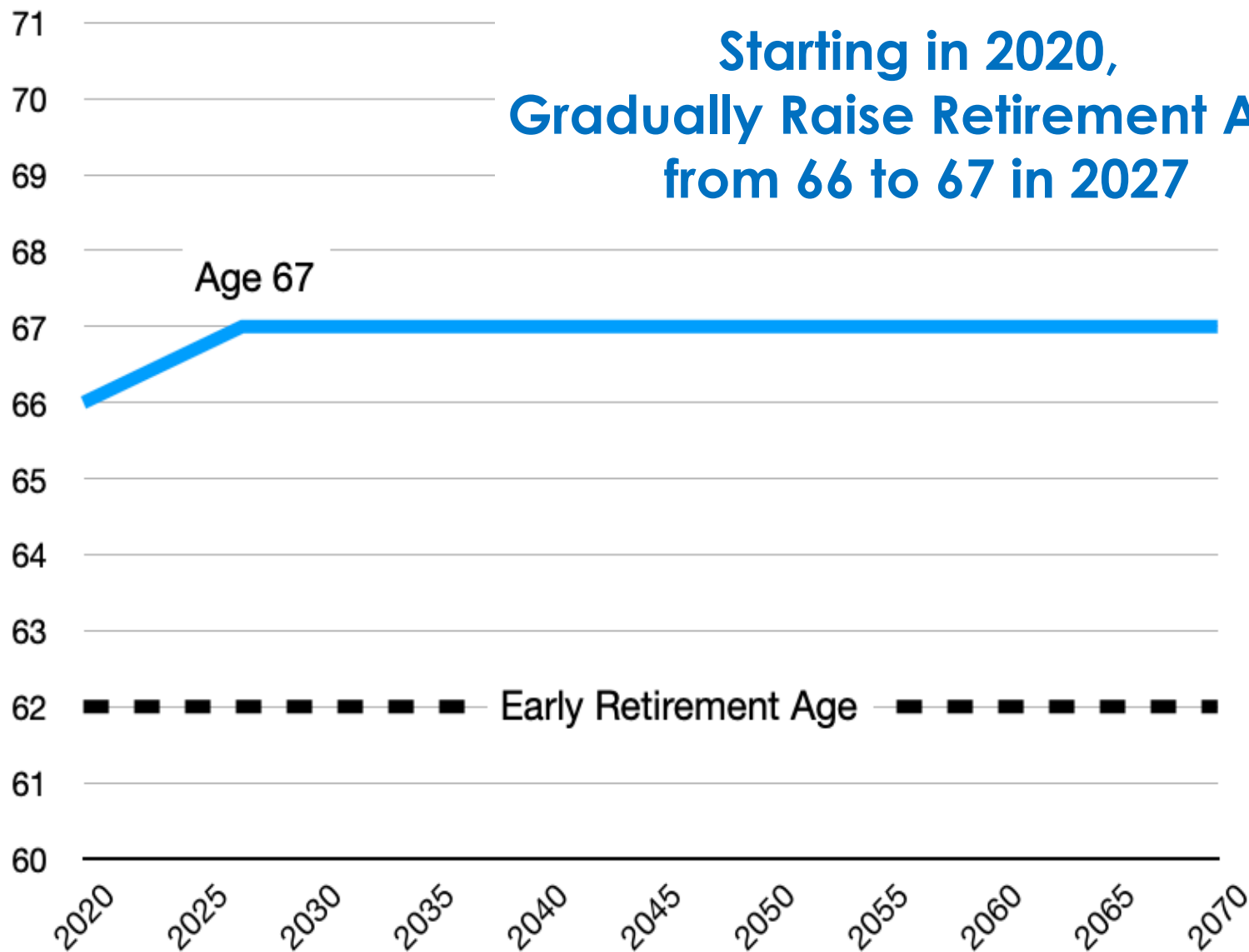
The full retirement age is 66 years.

According to current law, it is scheduled to **gradually rise until it reaches 67 by the year 2027 and then stop rising.**

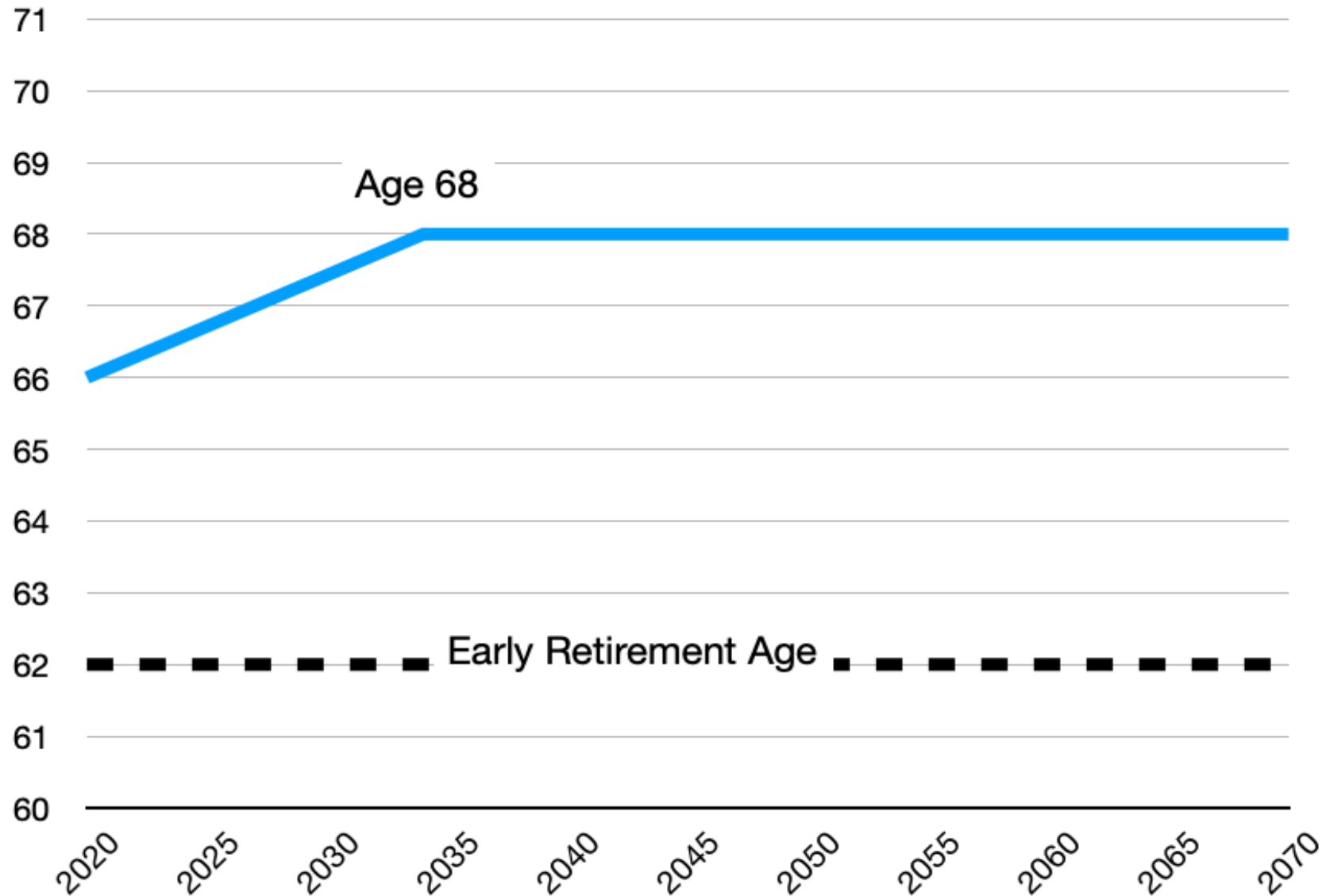
This has **no effect** on those **already receiving** Social Security.

It **does affect** those **born in 1960 or later.**

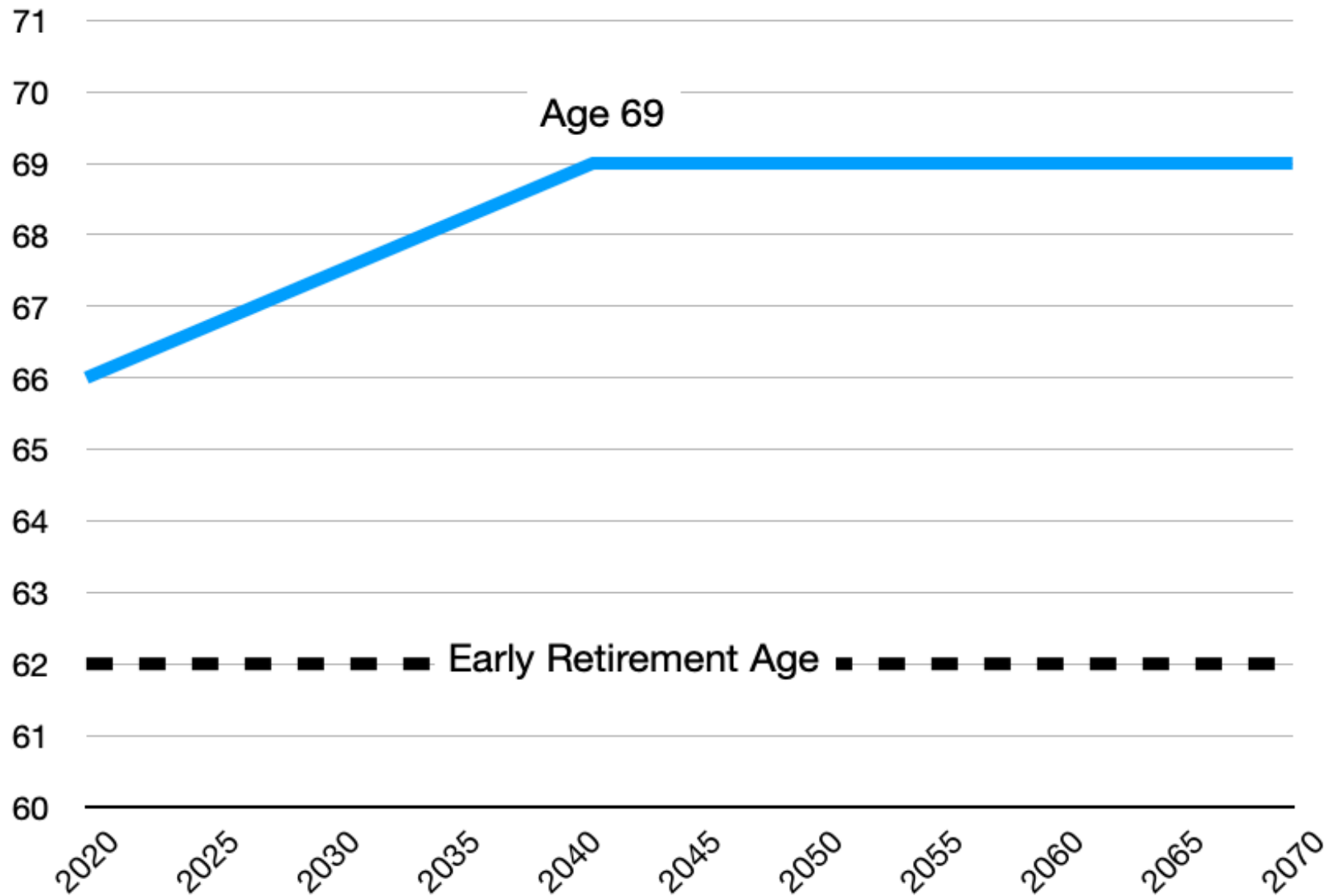
# Raising the Retirement Age: Current Policy



# Raising the Retirement Age to 68 by 2033



# Raising the Retirement Age to 69 by 2041



# Raising the Full Retirement Age

## ARGUMENT IN FAVOR

The number of retirees receiving benefits is growing while the number of workers who contribute revenue to Social Security is shrinking. It is not affordable for people retire as early as they have.

Convincing

WI-2 Overall

66

Republican

67

Democrat

73

Independent

57

## ARGUMENT IN FAVOR

People at 66 are healthier than in the past and most work is less physically demanding, so people can work longer before retiring. Raising the retirement age makes sense in the modern era.

Convincing

WI-2 Overall

62

Republican

65

Democrat

67

Independent

55

# Raising the Full Retirement Age

## ARGUMENT AGAINST

Raising the retirement age is unfair because many workers in their 60s still hold physically demanding jobs. For them, it's already a stretch to raise the retirement age to 67; it should not rise any further.

Convincing

WI-2 Overall

77

Republican

73

Democrat

80

Independent

75

## ARGUMENT AGAINST

Raising the retirement age is a benefit cut by another name. Lower income people and minorities don't live as long on average, so they draw fewer benefits over their lifetime. Raising the age will cut a large share of their benefits.

Convincing

WI-2 Overall

76

Republican

68

Democrat

84

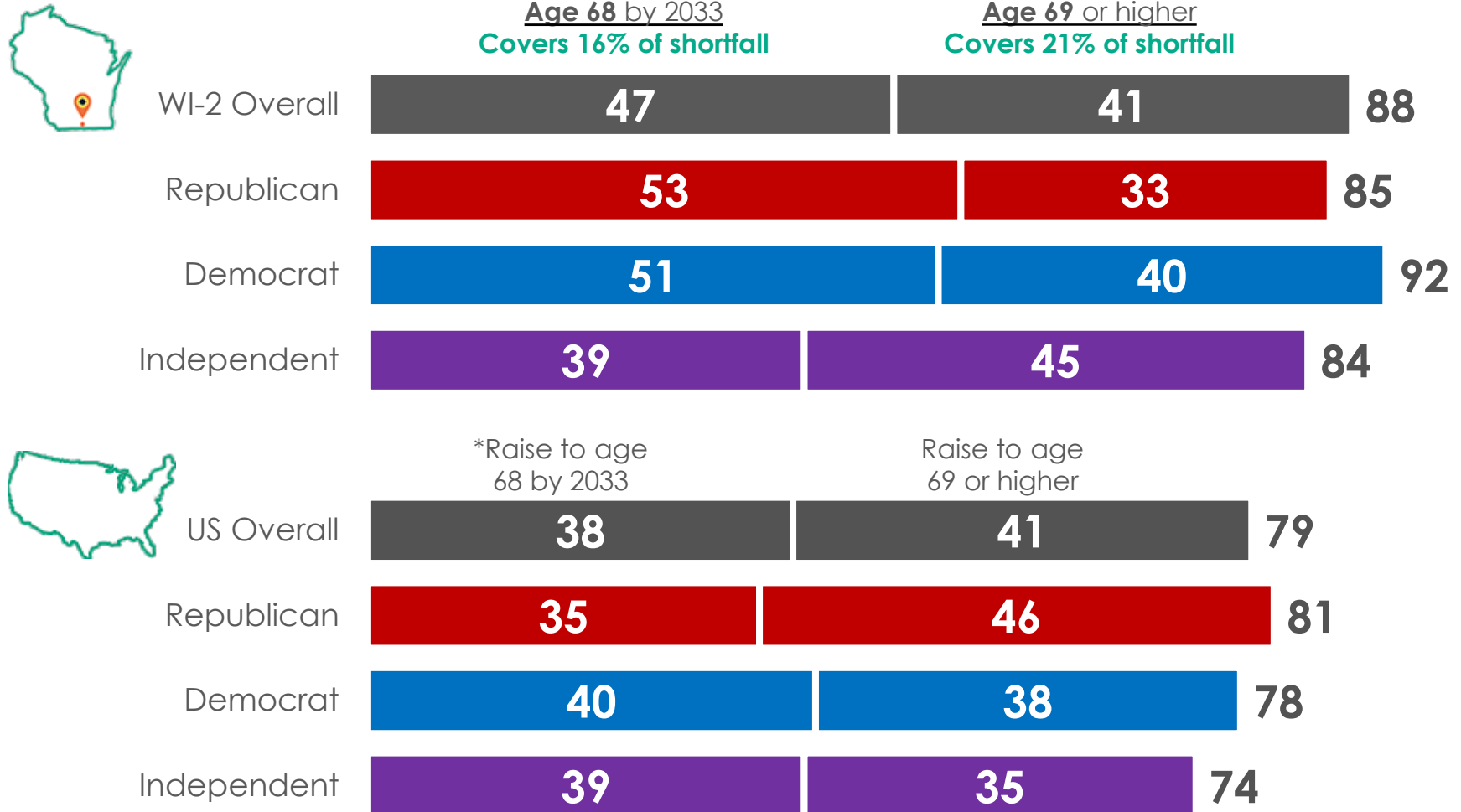
Independent

69

# Reducing Benefits

FINAL  
RECOMMENDATION

## Raising the Full Retirement Age

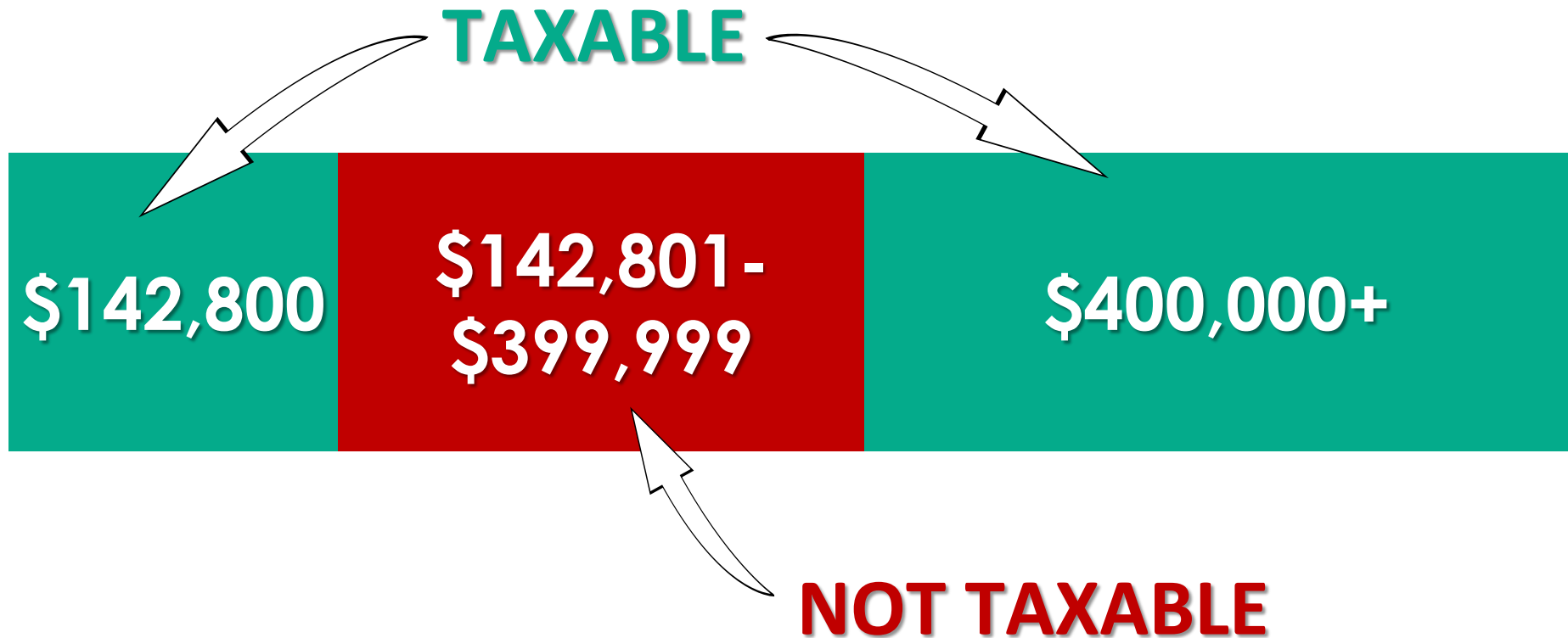


\*In the 2016 survey, raising the retirement age to 68 covered the shortfall by 15%

# **ADDRESSING THE SHORTFALL**

**Raising the Amount of  
Wages Subject to the  
Payroll Tax**

# Wages Subject to Social Security Payroll Tax



# PROPOSAL

Currently, the amount of wages that are subject to the Social Security payroll tax includes all wages up to a cap of \$142,800 per year.

One policy option is to **make all wages over \$400,000 taxable as well**, effective immediately. This would not include income from dividends or capital gains.

**Wages between \$142,800 and \$400,000 would not be taxable initially.** But, over time the cap of \$142,800 would rise with inflation, as it currently does. At some point, decades in the future, this cap could reach \$400,000 so that all wages would be taxed.

By this plan, the amount of taxes paid by people with very high wages would rise. Their benefits would also rise, but only slightly.

# Raising Amount of Wages Subject to Payroll Tax

## ARGUMENT IN FAVOR

The incomes of the wealthy have been growing, while the incomes of the middle class have been stagnating. The wealthy should pay the payroll tax all year (like everybody else), not just the first part of the year.

Convincing

WI-2 Overall

87

Republican

86

Democrat

86

Independent

89

## ARGUMENT AGAINST

Higher taxes will discourage high income earners from working and encourage tax evasion. They will also have less money to invest that create jobs and promote economic activity, hurting the economy.

Convincing

WI-2 Overall

45

Republican

48

Democrat

45

Independent

42

# Increasing Revenues

FINAL  
RECOMMENDATION

## Raising the Amount of Wages Subject to the Payroll Tax

All wages above \$400,000 would be subject to the payroll tax (but not income from dividends or capital gains); **covers 60% of shortfall**



WI-2 Overall

84

Republican

78

Democrat

87

Independent

84



US Overall

29

59

Republican

31

54

Democrat

28

64

Independent

27

58

**\*Raise the cap** from  
\$113,700 to \$215,000  
gradually over 10 years

**\*Eliminate the cap** so that all salary and  
wages are subject to the payroll tax

# **ADDRESSING THE SHORTFALL**

**Raising the Payroll Tax**

# Increasing the Payroll Tax Rate

## ARGUMENT IN FAVOR

Paying a little more now will shore up Social Security and make all Americans more secure later. It's also appropriate for employers to make slightly higher contributions to their employees' retirement, since fewer offer pensions.

Convincing

WI-2 Overall

73

Republican

60

Democrat

79

Independent

72

## ARGUMENT AGAINST

Raising the tax rate is bad for employees, leaving them with less to spend and save for retirement. It's also bad for employers because it increases their costs, leading them to cut employees and create new jobs.

Convincing

WI-2 Overall

69

Republican

71

Democrat

68

Independent

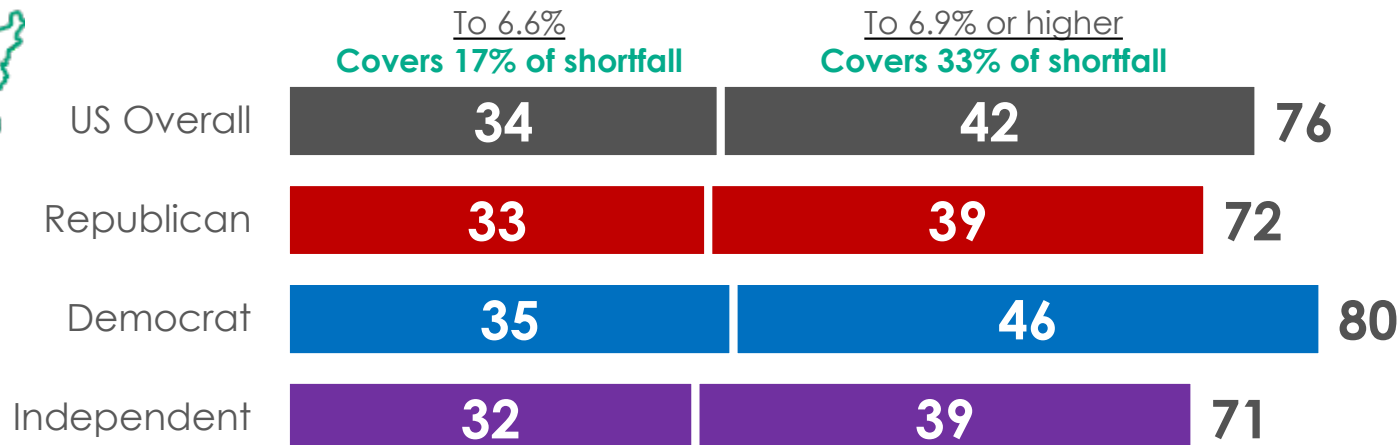
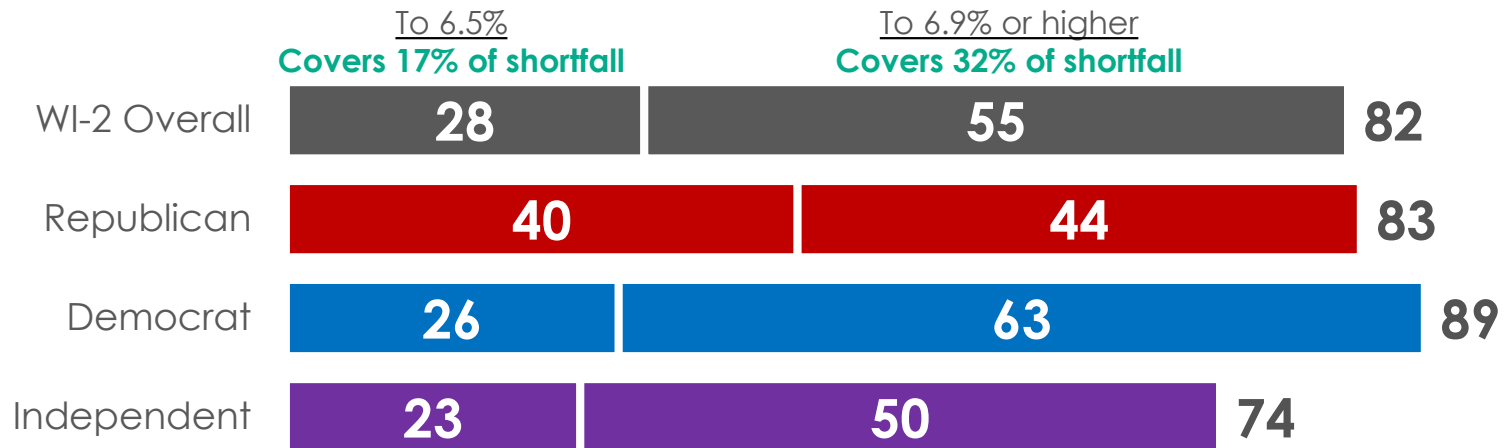
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# Increasing Revenues

FINAL  
RECOMMENDATION

## Increasing the Payroll Tax Rate

These proposals raise the Social Security payroll tax rate 0.05/year from 6.2%, for both employees and employers:



# ADDRESSING SOCIAL SECURITY SHORTFALL

REDUCING BENEFITS	% SHORTFALL COVERED	WI-2	GOP	DEM	IND
Reduce monthly benefits for top 25% of earners	7%	94%	90%	98%	92%
Gradually raise retirement age to at least age 68 by 2033	16%	88%	85%	92%	84%
INCREASING REVENUES					
All wages above \$400,000 would be subject to the payroll tax	60%	84%	78%	87%	84%
Increase payroll tax rate by 0.05 per year for 6 years up to at least 6.5%	17%	82%	83%	89%	74%
Increase payroll tax rate by 0.05 per year for 6 years up to at least 6.9%	32%	55%	44%	63%	50%
% Shortfall Covered by Majorities		115%	100%	115%	100%

# **MODIFYING BENEFITS**

**Raising the  
Minimum Benefit**

# PROPOSAL

Raise the benefit for those receiving the minimum benefit.

Currently, the minimum Social Security benefit for someone who has worked **30 years or more** is about **\$898/month**.

The proposal is to raise this minimum benefit to **\$1,330/ month**.

This would be **125% of the poverty line**.

# Raising the Minimum Benefit

## ARGUMENT IN FAVOR

The current minimum benefit is below the poverty line. If you work for 30 years and pay your Social Security taxes, your benefits should assure that you can retire with dignity and not be condemned to live in poverty.

Convincing

WI-2 Overall

82

Republican

79

Democrat

87

Independent

77

## ARGUMENT AGAINST

Given the difficulty of reducing the shortfall, we shouldn't be considering additional benefits. The shortfall should be solved first and only then should we consider raising the minimum benefit.

Convincing

WI-2 Overall

56

Republican

59

Democrat

57

Independent

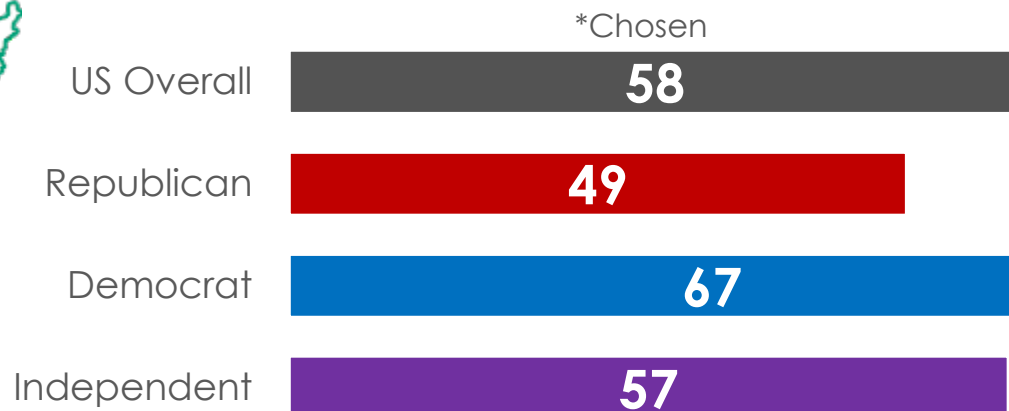
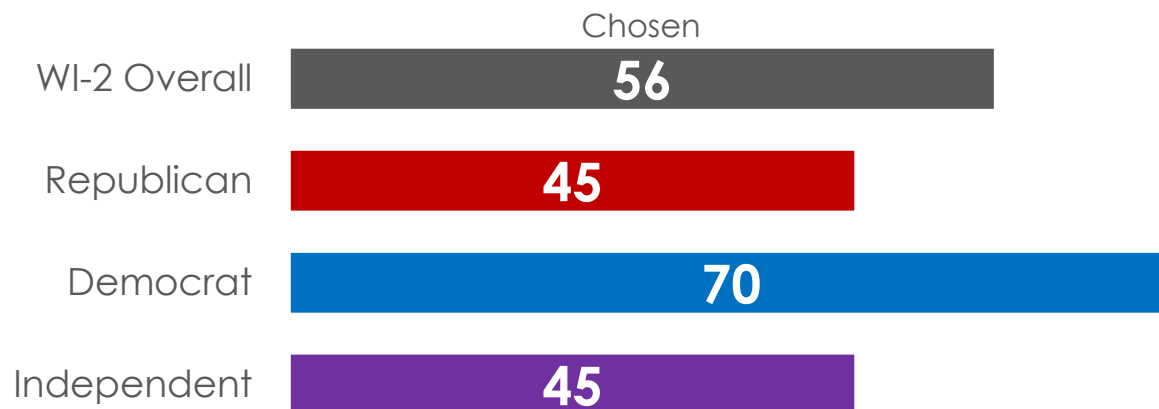
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# Modifying Benefits

FINAL  
RECOMMENDATION

## Increasing Benefits

Raise the minimum monthly benefit for those who have worked 30 years or more from \$898 to \$1,330, **reducing coverage of the shortfall by 8%**



\*In 2016, respondents were told choosing this option would raise the minimum benefit from \$760 to \$1,216 and increase the shortfall by 7%

# MODIFYING BENEFITS

Supplementing Benefits  
for the Oldest

# PROPOSAL

This proposal focuses on Social Security recipients who are in their eighties, sometimes called “the oldest old.”

Benefits would begin to gradually increase at age 81 and **by age 85 the increase would be an extra 5%**, or about \$77 a month.

# Supplementing Benefits for the Oldest

## ARGUMENT IN FAVOR

Many people in their 80s have exhausted their savings and often need special services to help them cope with living. Their benefits are modest; working to supplement their income is unrealistic for people this age.

Convincing

WI-2 Overall

77

Republican

78

Democrat

79

Independent

74

## ARGUMENT AGAINST

People must be responsible for planning for their financial needs. Supplementing benefits will make people more dependent, discourage them from saving, and contribute to big, unaffordable government.

Convincing

WI-2 Overall

48

Republican

47

Democrat

49

Independent

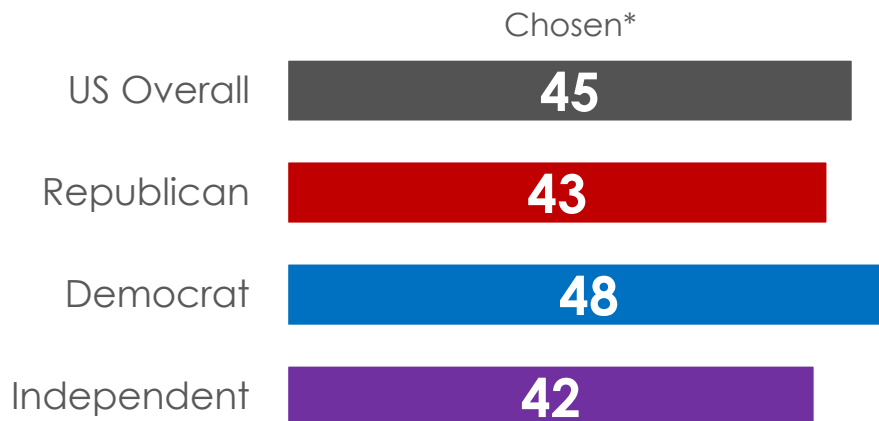
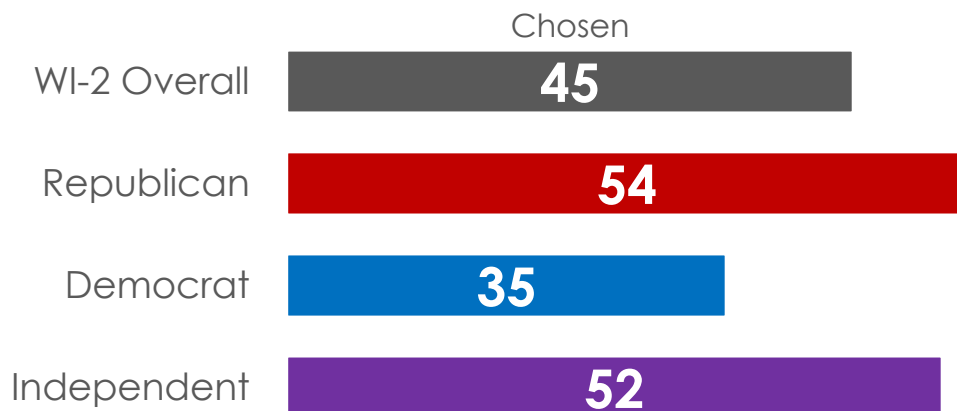
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# Modifying Benefits

FINAL  
RECOMMENDATION

## Increasing Benefits

Increase benefits of those **85 and over** by five percent, or about \$77 a month,  
**reducing coverage of the shortfall by 5%**



\*In 2016, respondents were told choosing this option would increase benefits of those over 85 by \$61.50

# **MODIFYING BENEFITS**

**Recalculating  
Cost of Living Adjustments  
(COLAs)**

# Cost of Living Adjustments (COLAs)

Social Security recalculates its benefits every year to keep up with the cost of living.

Since 1975, Social Security has based such annual adjustments on the **consumer price index**, which measures changes in the prices of a fixed list of consumer goods and services.

# PROPOSAL

Use a **COLA based on a set of goods** that reflects what **ELDERLY people tend to buy**.

Because the elderly spend more than other Americans for out-of-pocket health care costs and those costs rise faster than average inflation, this method would make the cost-of-living adjustments go up faster than the present method.

By making this change, benefits would grow more quickly:

- **10 years after retiring**, average monthly benefits would be **about \$35 more** than they would be under the current method.
- **After 30 years**, average monthly benefits would be **about \$139 more**.

# COLAs Based on Goods the Elderly Tend to Buy

## ARGUMENT IN FAVOR

The purpose of COLAs is to prevent Social Security recipients from being hurt by inflation. The current system for calculating inflation doesn't reflect what seniors actually buy, thus reducing their purchasing power.

Convincing

WI-2 Overall

81

Republican

76

Democrat

84

Independent

79

## ARGUMENT AGAINST

People come up with many reasons why certain groups should get higher benefits. Social Security is in trouble because it can't meet its obligations. We must think of ways to reduce the shortfall, not increase COLAs.

Convincing

WI-2 Overall

61

Republican

61

Democrat

63

Independent

60

# Modifying Benefits

FINAL  
RECOMMENDATION

## Recalculating Cost of Living Adjustments (COLAs)

Base annual COLAs on the inflation rate for a set of goods that reflect what elderly people tend to buy, **reducing coverage of the shortfall by 13%**



WI-2 Overall

Chosen

64

Republican

54

Democrat

70

Independent

61

# MODIFYING BENEFITS

MODIFYING BENEFITS	% SHORTFALL COVERED	WI-2	GOP	DEM	IND
Raise minimum monthly benefit for those who have worked 30+ years from \$898 to \$1,330	-8%	56%	45%	70%	45%
Increase benefits of those 85 and over by 5%	-5%	45%	54%	35%	52%
Base annual COLAs on the inflation rate for a set of goods that reflect what elderly people tend to buy	-13%	64%	54%	70%	61%
Effect on Shortfall of Majority Positions		-21%	-18%	-21%	-18%

# TOTAL EFFECTS ON SHORTFALL

Final  
Recommendations

# TOTAL EFFECT OF MAJORITY POSITIONS ON SOCIAL SECURITY SHORTFALL

	WI-2	GOP	DEM	IND
REDUCING BENEFITS	23%	23%	23%	23%
INCREASING REVENUES	92%	77%	92%	77%
MODIFYING BENEFITS	-21%	-18%	-21%	-18%
TOTAL	94%	82%	94%	82%