

**Hearing on Protecting and Improving Social
Security: Enhancing Social Security to Strengthen
the Middle Class**

HEARING
BEFORE THE
SUBCOMMITTEE ON SOCIAL SECURITY
OF THE
COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES
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**Hearing on Protecting and Improving Social Security:
Enhancing Social Security to Strengthen the Middle Class**

U.S. House of Representatives,
Committee on Ways and Means,
Washington, D.C

WITNESSES

Joan Ruff

Chair, Board of Directors
AARP

Kate Farrar

Executive Director
Connecticut Women's Education and Legal Fund

Maya Rockey Moore Cummings

President and CEO
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Joseph Semprevivo

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FOR IMMEDIATE RELEASE

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March 5, 2019

No. SS-1

**Social Security Subcommittee Chairman Larson Announces a Subcommittee Hearing on
Protecting and Improving Social Security:
Enhancing Social Security to Strengthen the Middle Class**

House Ways and Means Social Security Subcommittee Chairman John B. Larson (D-CT) announced today that the Subcommittee is beginning a hearing series on “Protecting and Improving Social Security.” The first hearing in the series, “Protecting and Improving Social Security: Enhancing Social Security to Strengthen the Middle Class,” will take place on Tuesday, March 12, 2019, at 10:00 AM, in room 2020 Rayburn House Office Building.

In view of the limited time available to hear witnesses, oral testimony at this hearing will be from invited witnesses only. However, any individual or organization not scheduled for an oral appearance may submit a written statement for consideration by the Committee and for inclusion in the printed record of the hearing.

DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:

Please Note: Any person(s) and/or organization(s) wishing to submit written comments for the hearing record must follow the appropriate link on the hearing page of the Committee website and complete the informational forms. From the Committee homepage, <http://waysandmeans.house.gov>, select “Hearings.” Select the hearing for which you would like to make a submission, and click on the link entitled, “Click here to provide a submission for the record.” Once you have followed the online instructions, submit all requested information. ATTACH your submission as a Word document, in compliance with the formatting requirements listed below, **by the close of business on Tuesday, March 26, 2019**. For questions, or if you encounter technical problems, please call (202) 225-3625.

FORMATTING REQUIREMENTS:

The Committee relies on electronic submissions for printing the official hearing record. As always, submissions will be included in the record according to the discretion of the Committee. The Committee will not alter the content of your submission, but reserves the right to format it according to guidelines. Any submission provided to the Committee by a witness, any materials submitted for the printed record, and any written comments in response to a request for written comments must conform to the guidelines listed below. Any submission not in compliance with these guidelines will not be printed, but will be maintained in the Committee files for review and use by the Committee.

All submissions and supplementary materials must be submitted in a single document via email, provided in Word format and must not exceed a total of 10 pages. Witnesses and submitters are advised that the Committee relies on electronic submissions for printing the official hearing record.

All submissions must include a list of all clients, persons and/or organizations on whose behalf the witness appears. The name, company, address, telephone, and fax numbers of each witness must be included in the body of the email. Please exclude any personal identifiable information in the attached submission.

Failure to follow the formatting requirements may result in the exclusion of a submission. All submissions for the record are final.

The Committee seeks to make its facilities accessible to persons with disabilities. If you require special accommodations, please call (202) 225-3625 in advance of the event (four business days’ notice is requested). Questions regarding special accommodation needs in general (including availability of Committee materials in alternative formats) may be directed to the Committee as noted above.

Note: All Committee advisories and news releases are available at <http://www.waysandmeans.house.gov/>

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PROTECTING AND IMPROVING SOCIAL SECURITY:
ENHANCING SOCIAL SECURITY TO STRENGTHEN
THE MIDDLE CLASS

Tuesday, March 12, 2019

House of Representatives,

Subcommittee on Social Security,

Committee on Ways and Means,

Washington, D.C.

The subcommittee met, pursuant to call, at 10:01 a.m., in Room 2020, Rayburn House Office Building, Hon. John B. Larson [chairman of the subcommittee] presiding.

Chairman Larson. The Social Security Subcommittee of the Ways and Means Committee will come to order, please.

I want to thank everybody for joining us this morning, and I especially feel honored to be here this morning in the Sam Johnson room. Having had the opportunity to serve with Mr. Johnson was something I will always treasure. Such an iconic American hero, who I don't think enough Americans knew about his sacrifice in Vietnam and his stay in the Hanoi Hilton, and also, the very decency of the man in the way that he always conducted himself, both in this committee and out of office. What a great debt of gratitude that we owe to Sam Johnson. And I think only fitting that this room is named after him.

I know the Republican Leader will have something to say about Mr. Johnson as well before we begin our opening remarks. And did you want to --

Mr. Reed. Mr. Chairman, if you would yield.

Chairman Larson. I certainly will.

Mr. Reed. Mr. Chairman, thank you for recognizing our colleague Sam Johnson on the Republican side. As the chairman indicated, truly a gentleman, truly a hero to generations of Americans given his experience in Vietnam. And Shirley and him, you know, obviously were a pair of true American leaders, American citizens. And so we appreciate your recognition, and we join you in recognizing the service of Sam Johnson. And being here in his Committee room, named in his honor, I think is rightfully recognized in the work he did, and as you said, did it in a way that is the way it should be done. So I look forward to that tradition. And I thank you, Mr. Chairman, for recognizing our colleague.

Chairman Larson. Thank you, Tom, really appreciate it.

Well, today is the first hearing in a series of hearings that we are going to have on

how to protect and enhance Social Security. This is, I would say, a historic moment. Why would I say that? The last time Social Security was seriously taken up by this subcommittee was 1983. That was 36 years ago. It has been 36 years and a long time, at least 8 years since we had any significant hearing on looking at Social Security in both enhancing it and moving it forward into the next century. It is long overdue.

But I am honored and delighted both to be serving with Tom Reed, I know a person who cares as deeply as I do, and all the members on this dais, about making sure that Social Security is there for us in the future. I think that we share a common bond, and I think what you can expect from this subcommittee is that we will roll up our sleeves and begin to do the work that needs to be done.

We care deeply about a program that everybody recognizes is the Nation's premier insurance program. What I found when I go out across the Nation, and I have been to about 36 States or so doing this, I found is that most Americans today, and I think this is true in talking to our colleagues on both sides of the aisle, would really like to see Congress be involved with solutions. They are tired of the rhetoric, they are tired of people going to their separate corners and digging in and not getting anything done. That simply cannot stand anymore. What I see in this group here, the people on this dais, is a group that is prepared to roll up their sleeves and get after a solution to a problem that we all know exists.

I want to give the President of the United States credit. He stood on a stage with 16 other Republicans who tried to get him to say that this was an entitlement plan, and he would not. He had written about it and he had spoken clearly about it. He said it was an earned benefit and that he would not cut it and understood how important it was to future generations. What we are addressing at these hearings, Congress hasn't paid enough attention to make sure that Social Security is actuarially sound. First and

foremost, that is our obligation.

And as soon as 2034, we know that Social Security, about 15 years away, would face severe cuts. More than 62 million Americans are already receiving Social Security benefits. We have a responsibility to act and strengthen the program. Not to act, to do nothing is not an alternative here. It would amount in a 25 percent benefit cut to people in 2034. In other words, for a person who was making \$50,000 a year throughout their working career, they would actually be living in a poverty level in terms of benefits they would receive from Social Security after those cuts.

The choice is simple. We need to act bipartisanship, but we need to act. We have come to this endeavor to put our shoulders to the wheel and move the Nation and its people forward. Social Security is not an entitlement. It is the insurance that people have paid for. People know this and can check it out by just looking at their pay stub. They know that FICA stands for the Federal Insurance Contribution Act. Whose contribution? Theirs. They understand that they have paid into this throughout a lifetime.

It is not their fault that the Congress hasn't acted to make sure that Social Security is actuarially strong. It has been Congress' lack of inattention that has put us in this place where we are. Nobody's getting rich off of Social Security. They are using these benefits to pay for essentials. This money goes straight back into the economy.

Consider a 2013 study commissioned by the AARP, which shows that Social Security benefit payments support more than 9 million jobs and add almost \$1.4 trillion in output to the overall American economy. For every dollar Social Security benefits generate, in return there is about \$2 in economic output. If we were to let the 25 percent reduction happen in 2034 because we didn't do anything to strengthen the program, it could cost the economy about 2.3 million jobs and \$349 billion in economic

output. Doing nothing doesn't only impact beneficiaries; it would impact the entire economy.

Not only do we need to work to protect the program, but we need a solution to make the program, as actuaries say, sustainably solvent; in other words, making sure Social Security remains strong throughout this century, not just for seniors, but for millennials too. Nowhere on the private insurance market can you find a plan like Social Security that offers a pension plan, a disability insurance, and life insurance for spouses and dependents. This is the working American's retirement guarantee. It is why we say that Social Security has the full faith and credit of the United States Government.

For nearly two-thirds of beneficiaries, Social Security represents the majority of their income. For more than one-third, it represents more than 90 percent of their income. Our seniors are not a burden. I have heard so many people say to me, well, you know, I want to see this change, but I just don't want to be a burden on my family. None of us on this dais or out in this audience will look at any of their parents, their aunts, their sisters and say, you are a burden. In fact, they have been an inspiration. And one with that kind of courage and that kind of determination, oh, I don't want to burden my family, my son or my daughter, the one that lives in Montana or Texas, they send me what they can, but I don't want to be a burden. They are not a burden. They are citizens of the United States who have paid into a system that is Congress' responsibility to make sure that it is actuarially sound, and this committee will do that.

Without Social Security, the senior poverty rate would be nearly 40 percent, but because of Social Security, senior poverty rate is less than 10 percent. It isn't just the 10,000 baby boomers a day. According to economists at the Federal Reserve, on average -- and if we could throw up that slide -- households have not recovered. And this is an important issue for us. Households have not been able to recover the wealth

they lost during the Great Recession 10 years ago.

For 50- to 60-year-olds, they are worried about their immediate retirement. Social Security is a lifeline that people rely on. This should be a daunting statistic for all of us. When 90 percent of American families, working families still find themselves under water, on average, after the Great Recession, we have to make sure that we are doubling down on our efforts to make sure the only guarantee, the only certainty that they know that will be there for them is Social Security. And it is our responsibility to make sure that that has happened.

As I discussed with both the Republican Leader and the members here, we are going to have hearings. Someone suggested that we do a lot of informal bipartisan briefings as well. I think those are all good and constructive ideas. We are going to work together to come up with a product and a solution. And hopefully, we are able to work together to arrive at a solution and take action. But not to act is not an option. Hopefully, we are able to act together. But whether together or alone, this committee will act to move Social Security forward.

And with that, I recognize my good friend and Republican Leader, Tom Reed.

[\[The statement of Chairman Larson follows:\]](#)

Mr. Reed. Thank you, Mr. Chairman. And thank you for those words and that commentary, And I think my comments today will echo much of what you said.

So, Mr. Chairman, I thank you for holding this hearing today on a topic we can all agree upon, strengthening and protecting Social Security. This is an important topic to all Americans and more helpful to the average American than efforts that many on the other side of the aisle to rush to impeach the President.

But, Mr. Chairman, today I want to tell you the story of Betty. Her picture is up on the -- we will give the technical people an opportunity to pull that up.

To tell you the story of Betty, at age 14, Betty was diagnosed with rheumatic fever and told she would not live a long life and would never have children. But she grew strong, healthy, and married a decorated World War II veteran -- also depicted here today.

Chairman Larson. Looks a lot like you, Tom.

Mr. Reed. I think she does, but with hair.

-- and a career military officer who received the Silver Star Medal after being wounded, saving the lives of his platoon pinned down by Nazi machine gun fire with only a sidearm pistol.

Together, Betty and her husband, Thomas, had 12 beautiful and healthy children, but tragedy struck when Thomas was only 48. He died when their youngest child was just 2 years old, leaving Betty to raise all 12 kids on her own. How did Betty have the confidence that she would not have to raise her children on the streets? Social Security.

But that was just a piece of the puzzle. She also relied on her husband's military retirement and life insurance death benefit. Betty worked with what she had to put food on the table, a roof over her children's head, and clothes on their back. Using a part of the life insurance proceeds she bought a neighborhood house she could rent out

to generate extra monthly income, because she recognized the Social Security check was not going to be enough to provide the quality of life she wanted for her children.

To further provide for her family, she went to work in the local vineyards and babysat for many families in the area, I believe relying on the under-the-table cash payments for day wages, because she could not afford to pay the taxes on the income or lose those benefits. She also brought her youngest son along with her to work, because that was the only form of day care she could afford.

Mr. Chairman, that youngest son was me, Tom Reed. Betty Barr Reed was my mother. And like many families, many Americans rely on earned Social Security benefits when a family member reaches retirement age, faces a work-limiting disability, or passes away.

As we sit here today, it is without a doubt as the Republican Leader of Social Security, I care deeply about ensuring Social Security is here today. Here tomorrow. And here for generations to come. And I guarantee my fellow Republicans on this subcommittee, Mr. Chairman, are also committed to Social Security and ensuring the program is solvent for every generation. The difference, however, with the majority is we can secure these benefits without tax increases.

Our principles in this mission are simple, long-term economic growth by encouraging work, not penalizing it; equal treatment for public servants; acting now to defend those future generations' benefits; and protecting the most vulnerable people through focus reforms.

Mr. Chairman, you might have noticed our principles spell out the acronym LEAP. That is because Republicans want to leap with you on a bipartisan basis so we can all make sure Americans can count on Social Security to be there for them, for their children, and their many grandchildren to come.

And as we know from history, successful Social Security reform only has a fair chance to succeed if it is done on a bipartisan basis. And we agree with you, Mr. Chairman, we cannot wait until the brink of the crisis as Congress did in 1983 to act because the abyss will be too deep at that point to overcome. The time to act is now.

So, Mr. Chairman, let's leap together today to answer this historic call for leadership in a town often lacking such courage, even when it is so clearly needed. We do this so all Americans will have the peace of mind knowing they can count on Social Security to provide the security it did for that little girl, that young lady who became my idol and we lost too early at the age of 72, and my greatest inspiration, Betty Barr Reed.

Thank you, Mr. Chairman, and we stand ready to get to work.

[\[The information follows:\]](#)

Chairman Larson. I thank the Republican Leader, and it is going to be our endeavor to make sure that Betty is proud of what this committee and subcommittee does.

And this is a historic moment. The last time this committee acted was in 1983. Ronald Reagan was the President of the United States. Tip O'Neill was Speaker. The Republicans controlled the Senate, the Democrats controlled the House, the Republicans controlled the Presidency. It is not different than it is today, except Ronald Reagan was adamantly opposed to advancing Social Security. He was convinced by leaders like Tom Reed and others that this was the right thing to do for the American people, and they did.

President Trump, to his credit, has already made that statement. Now what we have to do is bring everybody together, so that mothers that are in a similar situation that Betty was are able to do that. And we have a panel that has been assembled that are capable to do just that, and we are anxious to hear your testimony and then get on with the questions. I am going to introduce all of them and then start.

First, I would like to welcome Ms. Joan Ruff of the AARP. Next is Kate Farrar of Connecticut's Women's Education and Legal Fund, and from my home State of Connecticut. After, we have Dr. Maya Rockey Moore Cummings, no stranger to this committee, no stranger to the Nation, who is in charge of Global Policy Solutions. Then we have Mr. Joseph Semprevivo -- did I pronounce it right?

Mr. Semprevivo. Yeah, that is close enough.

Chairman Larson. -- with Joseph's Lite Cookies. Next is Yanira Cruz of the National Hispanic Council on Aging. And finally, Ilana Boivie, of the machinists union and representing the AFL-CIO.

Ms. Ruff, would you begin.

STATEMENT OF JOAN RUFF, CHAIR, BOARD OF DIRECTORS, AARP

Ms. Ruff. Thank you.

Good morning. On behalf of AARP's 38 million members and all Americans age 50 and over, we thank you, Chairman Larson, you, Ranking Member Reed, and all members of this subcommittee, for this opportunity to testify today on the importance of Social Security, not only to retirees, but also disabled workers, families, and the American economy. AARP has members in every State and every American territory, including, Mr. Chairman, over 115,000 members in your congressional district and, Ranking Member Reed, more than 114,000 members in your 23rd Congressional District of New York.

As was pointed out, the last time that major amendments to Social Security were made was in 1983. Since then, we have to recognize that the availability of defined benefit pensions offered to workers has declined by more than 70 percent. And as I am sure you know, today, most workers who have a workplace retirement plan are in a 401(k) or similar type of plan and are, therefore, subject to vagaries of the market. And half of all employees have jobs that offer absolutely no retirement plan at all.

Social Security is the only lifetime, inflation-protected, guaranteed source of retirement income that most Americans have. I want to share with you what Lottie Pucinski (ph), who is an AARP member from Southington, Connecticut, told us about how important Social Security is to her, reflects the sentiments of millions of Americans.

"During my working years, which started when I was 16, I paid into the Social Security system until I retired. Being at the very low end of the middle class, without my Social Security benefits, my income would be below the poverty level. I want to continue to live with dignity and financial independence and not rely on others. My

current Social Security benefits allow me to do that."

Without Social Security, nearly four in ten Americans 65 and older, like Lottie (ph), would be living in poverty. Nearly one in four women ages 65 and older are part of families that receive at least 90 percent of their income from Social Security. The reliance on this program in minority communities is even more pronounced.

It is no wonder that in an AARP poll that we conducted last year, respondents across three generations overwhelmingly said that Social Security is very important to their retirement; 64 percent of millennials, 79 percent of Gen Xers, and 90 percent of baby boomers.

In addition to anchoring the income of older Americans, Social Security provides economic security for families who face a loss of income because of disability or the death of a wage earner. It is extremely important to AARP's members that Social Security provide adequate benefits, not only for them, but also for their children and grandchildren.

The Social Security trustees have made it very clear, and AARP will continue to stress that Social Security has enough funding to pay 100 percent of benefits until 2034. It is also true, unless Congress acts, benefits will be reduced by 21 percent, beginning in 2034 and through the end of the century. A cut this deep would result in severe hardships for millions of Americans, especially considering how modest benefits are now today.

Older Americans believe Congress and the White House need to take action so that hardworking Americans receive the full benefits they have earned and that Social Security will continue to be there for our children and grandchildren. That is why AARP consistently asks candidates and lawmakers to share their plans for the future of Social Security. Our members' enthusiasm to hear from candidates and lawmakers on this

topic is strong.

During the 2016 election cycle alone, we collected 1.4 million petitions, had phone calls with 2.5 million members, and nearly 26 million people took action on social media. Clearly, AARP members want to engage on this very critical topic.

Social Security has evolved over more than 80 years to address emerging needs and to adapt to new realities. We see today's hearing as an important opportunity to start a constructive and expansive dialogue on the future of Social Security and how best to update the program so that it better reflects changes in demographics, longevity, pensions, work patterns, health, and technology.

And we commend you, Mr. Chairman, for your leadership in developing a detailed proposal to strengthen Social Security for the next 75 years. And we hope all committee members will share their ideas for the program's future with our members and the American public. AARP recognizes that your challenge lies not only in identifying the most effective policies to improve the lives of Americans, but also to secure the kind of bipartisan consensus and public support that long-lasting solutions demand. We at AARP offer our support as you engage the public and develop that consensus. And we commit to you that we will have an open dialogue with our members on this vital topic.

Again, thank you, Chairman Larson and Ranking Member Reed, for inviting us to share our views.

[\[The statement of Ms. Ruff follows:\]](#)

Chairman Larson. Thank you, Ms. Ruff.

I should have also noted at the start that each of your statements will be part of the record in its entirety. I would ask that you summarize your testimony in 5 minutes or less. To help you with that time, there is a timing light on your table. When you have 1 minute left, the light will switch from green to yellow, and finally to red when the 5 minutes is up.

But I thank you, Ms. Ruff, for your testimony.

And with that, Ms. Farrar, would you begin.

**STATEMENT OF KATE FARRAR, EXECUTIVE DIRECTOR, CONNECTICUT WOMEN'S
EDUCATION AND LEGAL FUND**

Ms. Farrar. Good morning. Thank you, Mr. Chairman, Ranking Member Reed, and all members of the subcommittee today. I am Kate Farrar, executive director of the Connecticut Women's Education and Legal Fund. We are a statewide nonprofit organization that advocates for and empowers women and girls across Connecticut, especially those who are marginalized and underserved.

At CWEALF, we hear from women every single day who struggle financially and often rely on Social Security to make ends meet. Maggie, a 63-year-old retiree with several chronic health conditions from New Britain, Connecticut, says that she relies on her Social Security income to put food on the table. She says: I get scared when legislators talk about doing away with or privatizing Social Security. Please do not take away my Social Security.

Corella, a woman from Hartford, Connecticut, who suffers from epileptic seizures on daily medication says: I am afraid that if Medicare is reduced and I have to pay more

for my medications, I just wouldn't be able to afford it. My only income is Social Security.

Social Security benefits are critical to support our Nation's women and keep them out of poverty. In 2016, nearly two-thirds of all people in poverty age 65 and older were women. Without the protection and expansion of Social Security, long-term economic stability is just unachievable for women.

According to the Institute for Women's Policy Research, a single elder without a mortgage living in Hartford County in Connecticut can expect to pay at least \$2,046 every month for basic living expenses. Yet the average Social Security benefit just in January 2019 was only \$1,461, nearly \$600 less than the retiree's necessary monthly living expenses.

While the protections of Social Security benefit men and women of all racial backgrounds and income levels, the program is particularly important for women, especially women of color, because women face many barriers in the workplace that hinder their ability to make a living wage and save for retirement. Despite impressive strides by women in the workplace, the gender wage gap is still 20 percent, with women earning only 80 percent of what men earn. The gender pay gap is even more significant for women of color. Plus, there are more than 15.3 million low-wage female workers who work without access to benefits such as leave and pensions. Also, women take leave or engage in part-time work more than men, disproportionately shouldering caregiving responsibilities.

According to the Bureau of Labor Statistics, nearly twice as many women as men work part time, which typically means juggling child care, elder care, and other homefront duties.

One of the greatest factors contributing to financial hardship for women over 65 is

the reality that many will spend at least a portion of their retirement years alone. Female life expectancy is currently 4.9 years higher than for males. The traditional three-pronged model for retirement of payments from Social Security, pensions, and private savings is unrealistic for most women. Women's economic security throughout retirement depends largely and oftentimes solely on Social Security benefits. Pensions and private savings are often unavailable and inadequate for women and their particular worklife patterns.

When Ida May Fuller received the first monthly recurring Social Security check in 1940, she could not have foreseen that the generations of women after her depend on Social Security to make ends meet. Now is the time for Congress to make sure that Social Security is protected and strengthened for years to come.

Thank you for the opportunity to testify today and elevate the voices of priorities of our Nation's and Connecticut's women. Thank you, Chairman.

[\[The statement of Ms. Farrar follows:\]](#)

Chairman Larson. Thank you, Ms. Farrar.

Now, Dr. Rockey Moore Cummings, if you would testify.

**STATEMENT OF MAYA ROCKEYMOORE CUMMINGS, PRESIDENT AND CEO, GLOBAL
POLICY SOLUTIONS**

Ms. Cummings. Good morning, Chairman Larson, Ranking Member Reed, and members of the Ways and Means Committee, Social Security Subcommittee. I am delighted to speak to you today on an issue that is so important for all Americans of all backgrounds and at every stage in life.

Social Security is our Nation's ultimate family-values program, providing income protections for people at every stage of life, including those who have retired after a lifetime of hard work, adults who have become disabled in their prime working years, dependents of deceased workers, and the dependent family members of seniors and disabled workers.

I would like to place a laser focus on how Social Security especially helps vulnerable groups whose opportunities for economic success have been diminished by longstanding racial and ethnic, economic and health disparities that stem from a legacy of social, economic, and political discrimination in our country.

African American retirees, for example, have significantly less wealth and lower incomes than White retirees. Eighty-three percent of African American seniors lack the retirement assets they need to last the remainder of their lifetimes. Additionally, more than two-thirds of the African Americans are liquid asset poor, meaning that their combined assets alone are not enough to make ends meet.

So Social Security becomes an essential component of their retirement, with over

46 percent of African American seniors age 65 and over relying on Social Security for at least 90 percent of their income, compared to only 30 percent -- 35 percent for Whites.

Well-documented health disparities also contribute to disproportionately greater incidents of disability, as well as shorter life expectancies for African Americans. So Social Security's disability and survivor benefits become an essential tool for helping African American families make ends meet when faced with these life-altering events.

Case in point, disability insurance benefits made up about 75 percent of personal income for 50 percent of African Americans receiving them in 2013. And while 28 percent of African Americans receiving disability insurance benefits in that year lived in poverty, that number would have jumped to 57 percent if they didn't have Social Security disability benefits.

Social Security is also essential for African American children and their families. A 2016 study conducted by my organization found that Social Security made up 39 percent of the annual income for White families with children, but accounted for almost half the income, 45.6 percent of African American families with children in 2014. For African American child beneficiaries, the poverty rate would increase from 40 percent to 58 percent without Social Security.

I would like to end by focusing on widely discussed proposals for reining in Social Security's costs. Despite lofty rhetoric touting the need for deficit reduction and claims of saving Social Security for our children, these so-called entitlement reforms are a covert form of racial economic exclusion that will have the effect of undermining the already economically insecure state of families of color, who are a growing share, by the way, of our Nation's population.

For those who believe that race has nothing to do with Social Security, think again. Although the programs benefit formula is race neutral on its face, in reality, the

program's -- Social Security affects groups of people in different ways because of the interplay between program rules and demographic factors. For example, benefits are calculated based on years of work and amount of earnings, marital status, number of dependents, and state of health, but each racial and ethnic group has a different average work history, earnings pattern, health status, and life expectancy profile due to the long shadow of racial inequality in our country. African Americans, for example, are more likely than Whites to have suffered unemployment, to be in lower paying jobs, to be in physically demanding jobs, to have poor health, and to have shorter life expectancies.

As a result of these socioeconomic disparities, proposals for reforming Social Security can create winners and losers based on race, ethnicity, class, and gender. For example, raising the retirement age disadvantages those with shorter lifespans. A group that is blacker, browner, poorer, more male, and more blue collar than those who live longer.

So there is a fairer way to reform Social Security, and I will be happy to talk about that in the Q&A. Our plan focuses on boosting benefits across the board by raising the cap on payroll taxes and offering coverage to all newly hired State and local workers, as well as increasing the payroll tax by a fraction of a percentage over a 20-year period.

Mr. Chairman and Ranking Member, thank you for giving me the chance to share my views today.

[\[The statement of Ms. Cummings follows:\]](#)

Chairman Larson. Thank you, Dr. Rockeymoore.

And now, Mr. Semprevivo.

STATEMENT OF JOSEPH SEMPREVIVO, PRESIDENT AND CEO, JOSEPH'S LITE COOKIES

Mr. Semprevivo. Thank you, Mr. Chairman, Chairman Larson, and Ranking Member Reed, and all members of the subcommittee. I am Joseph Semprevivo, owner of Joseph's Lite Cookies. And we make sugar-free cookies and pancake syrup to share with diabetics across the country. We are based out of Florida. And I am also here representing 30 million small business owners and the 60 million people that they employ. So thank you for inviting me to speak about the impact of Representative Larson's proposed tax increase on small business and their middle-class workers.

Representative Larson, your proposal to raise the payroll tax over a number of years to 2.4 percent up to 14.8 percent and apply that to all earned income would hurt American small businesses, the middle class, and entrepreneurs. And these are the very people that we are trying to protect.

While the plan calls for a doughnut-hole exemption between the current cap of \$132,900 and \$400,000 of earnings, the ceiling is not indexed to inflation, meaning that within a couple of decades, all employees, no matter their income level, would be subject to it. So eventually, an employee at a company like mine that is earning \$200,000 a year, that is an additional tax for the employer of \$2,400.

Let's consider the impact on a business employing 50 employees at \$50,000 a year, so \$2.5 million in gross payroll. Their payroll tax will go up by \$30,000 a year to \$185,000. That is just the employer's portion of that contribution. The sad part of it is the individuals that could be hired with that additional \$30,000, the raises that could be

given from that \$30,000, or the expansion that could happen for a small business. This payroll tax would be funded holding off on potential hiring or raises or even companies having to layoff, because it is an additional liability that they have to incur.

The tax increase also directly tax wages and wage increases, which is peculiar public policy, a strategy given out by the bipartisan push, to increase the wages of ordinary Americans. Every time I consider raising an employee's wages, I would then have to factor in the increased tax obligation to see if that raise still makes financial sense.

For some small business owners that operate on super tiny profits, let's look at the restaurant industry as an example, their margins pivot around 3 percent. Labor makes up about one-third of their expenses. So raising their labor cost by 1.2 percent or eventually 2.4 percent could be enough to put some of them out of business. What I don't understand is how does that help Social Security when restaurants close down and employees lose their job? It just simply doesn't.

And those negatively affected by this tax increase would be sole proprietors, which makes up the vast majority, as we all know, of taxpayers in this country. Sole proprietors, though, pay both sides of the tax, equaling this 14.8 percent. So a sole proprietor making \$100,000 a year would be paying \$14,800 out of their pocket, which would be an increase of \$2,400 a year from what they are currently paying now.

And I notice on this very distinguished panel that you have assembled here today that there are no other small businesses, and I do know on the onset you said you are going to be doing another panel -- hearings. So if we look at ordinary Americans, middle-class taxpayers on a panel like this, that could be really critical for this discussion and very important before moving forward with this tax increase. And I think that you will find going across America and asking these middle-class taxpayers how do you feel

about another tax increase, they would tell you that we are taxed enough already.

Thank you, Mr. Chairman and Mr. Ranking Member.

[\[The statement of Mr. Semprevivo follows:\]](#)

Chairman Larson. Thank you, Mr. Semprevivo.

Mr. Semprevivo. Yes, sir.

Chairman Larson. Thank you.

Dr. Cruz.

STATEMENT OF YANIRA CRUZ, PRESIDENT AND CEO, NATIONAL HISPANIC COUNCIL ON AGING

Ms. Cruz. Thank you, Mr. Chairman, and thank you, Ranking Member Reed, for holding this hearing today. At the outset, I want to just say that Social Security affects every American.

Hispanics rely on Social Security for more of their retirement income over a longer time period due to their life expectancy. In addition, Hispanics comprise the Nation's largest ethnic minority group, with a population of approximately 57 million. Many Hispanics are among the working poor and depend on Social Security to ensure their economic security after a lifetime of hard work. A large number of Hispanics tend to work jobs that pay lower wages and are less likely to have pension coverage.

More than 75 percent of Latinos rely on Social Security for at least half of their income. About 45 percent rely on Social Security for 90 percent or more of their income, and about 38 percent rely on it for all of their income. Nearly 22 percent of Hispanic older adults ages 65 and over live below the Federal poverty level. And without Social Security, many more Hispanic older adults and their families would be living below the Federal poverty level.

Hispanics face many healthcare related challenges upon retirement. Any threat to their Social Security benefits would further challenge and complicate their ability to

stay healthy. Threats to Social Security could force Hispanics to make tough choices between healthcare, buying groceries, and paying their rent. Hispanics have the highest uninsured rate of any other group. Social Security benefits provides peace of mind.

Social Security keeps Hispanic women from living in poverty in their golden years. Although many Hispanic women have overcome difficulties, attended colleges, achieved many leadership positions, a larger number continue to experience severe inequities in pay. Hispanic women tend to sacrifice by taking flexible, lower jobs, ensuring their ability to care for their families and provide for caregiving. These jobs generally do not provide healthcare benefits or pension plans. Because Latinas earn less, they also save less. Latinas are also three times more likely to live in poverty than non-Hispanic White women are. Twenty-five percent of Latinas ages 65 years or older live in poverty. Only 26 percent of Hispanic women receive pension coverage, compared to 39 percent of both African American and non-Hispanic White women. Only 33 percent of Latinas have retirement income from savings or assets.

As a result, Social Security makes up the bulk of Hispanic women's retirement income. And without Social Security, 60 percent of Latinas over the age of 65 would live in poverty. Social Security remains the sole source of income for nearly 40 percent of unmarried Latinas. Eighty-one percent of unmarried Latinas depend on Social Security for the majority of their retirement income. Latinas need a better plan for a secure retirement and not a reduction in benefits.

Let me tell you about one of the people we work with every day. Berta Roque is an American citizen who naturalized from El Salvador. She immigrated to the U.S. in 1981 when she was 38 years. Berta worked for 27 years in the cleaning and maintenance industry. She formally retired in 2008 when she turned 65 years old, but she has continued to work until 2017. Now, Berta is 75 years old and lives at Casa Iris, a

housing facility for low-income older adults here in D.C. Casa Iris is owned and operated by the National Hispanic Council on Aging.

After almost 40 years of work in the U.S., Berta's sole source of income comes from Social Security. Berta's annual income from Social Security is \$10,800, or \$900 a month. When asked about her Social Security benefits, Berta told us Social Security's modest benefits are more important than ever to guarantee our economic security in the event of retirement or disability. She went on to say, if it wasn't for this benefit, I would be living out in the streets, eating from shelters, and without possibilities to afford my medicines.

Berta's monthly budget includes \$275 a month for rent, about \$250 for food, \$150 for medicine, and \$150 for car insurance and gas. After those expenses, Berta is left with \$75 for the entire month to pay for her basic necessities. Little luxuries like getting her haircut.

Berta asked me to convey the following message to you regarding the looming cuts to Social Security benefits. She says: We need to stay together in this battle. Reduced benefits from the Social Security would be a slap in the face for all of those who have helped to build this country. It would put millions of Americans at risk of poverty.

Thank you, Mr. Chairman.

[\[The statement of Ms. Cruz follows:\]](#)

Chairman Larson. Thank you, Dr. Cruz.

Ms. Boivie, will you comment.

**STATEMENT OF ILANA BOIVIE, RESEARCH ECONOMIST, INTERNATIONAL ASSOCIATION
OF MACHINISTS AND AEROSPACE WORKERS, AFL-CIO**

Ms. Boivie. Thank you, Chairman Larson, Ranking Member Reed, and members of the committee. My name is Ilana Boivie. I am a research economist for the International Association of Machinists and Aerospace Workers. As someone who has devoted more than 10 years to researching retirement security for working Americans, I am pleased to have this opportunity to testify on the importance of Social Security in today's economy and to add the labor movement's voice to the increasingly louder call for benefit expansion.

I am here today on behalf of both the IAM and labor's umbrella organization, the AFL-CIO. The IAM represents some 600,000 active and retired members and is also a member of the AFL-CIO, which includes 54 other unions. Together, we represent some 12.5 million American workers.

Workers' ability to achieve retirement income security has long been premised on a system of mutual responsibility, also known as the three-legged stool: Social Security, employer-provided pensions, and personal savings. But as has already been noted by other panelists, that second leg of the stool, that traditional pension plan, has become quite shaky in recent years.

I am proud to say that union members generally have been better off than their nonunion counterparts when it comes to pensions because of the power of collective bargaining. However, in recent years, private employers in both the union and

nonunion context have largely backed away from DB pensions in favor of defined contribution plans like 401(k)s that shift significant financial risk on to working people. This has made American workers' retirement outlook increasingly precarious.

The labor movement firmly believes, and substantial research shows, that an individual retirement savings plan is not an adequate substitute for the guaranteed benefit that a pension provides. With fewer workers having access to traditional pensions, Social Security is becoming increasingly important to working families because it offers many of the features of a pension, including lifetime retirement income and valuable survivor and disability protections. Also, Social Security benefits are completely portable from job to job and benefits keep pace with inflation through an automatic cost-of-living adjustment.

And Americans rely on Social Security. One out of every four American households includes a Social Security recipient. Social Security accounts for 90 percent or more of household income for one in five married couples and about 44 percent of unmarried people. Given its importance and popularity, the most valid criticism that can be levied against Social Security is that its benefits are actually too modest. With retirement benefits averaging just about \$17,000 per year, the labor movement believes, and surveys show that Americans overwhelmingly agree, that benefits should be expanded.

And yet let us not forget that as a result of those changes enacted in 1983, Social Security benefits have already been cut. Under current law, the age to receive one's full benefit is already increasing from 65 to 67. That means that beneficiaries will receive fewer months of benefits and, therefore, a reduction in total lifetime benefits.

AFL-CIO unions unanimously agree that working people cannot afford another back-door benefit cut by increasing the retirement age. First, for whom would another

increase in the retirement age affect? Generation Xers like me, younger millennials, generation Z? These younger workers have already been saddled with soaring student loan debt and high housing costs. They are paying a higher share of healthcare expenses, and very few have employer-provided pensions. Over half of workers aged 25 to 34 have no assets in a retirement account whatsoever. Among those aged 35 to 44, the median retirement account balance is just \$3,000.

Do those who want to raise the retirement age really think that the generations behind them will have such abundant retirement assets as to need less from Social Security?

Second, the notion used to justify increasing the age -- that we are all living longer -- is incorrect. The gap between the life expectancy of high earners and most other Americans is widening. And life expectancy has not, in fact, increased for the lowest income Americans at all.

Moreover, many workers with physically demanding jobs must limit the amount of time they are in the workforce. The IAM has members who are skilled welders, working for General Dynamics in Maine and Huntington Ingalls in Mississippi, proudly building the Arleigh Burke-class destroyers for the U.S. Navy. Yet due to their physically demanding work, often on their hands and knees, many of them develop severe muscular skeletal problems and are physically worn out by the time they are in their fifties or very early sixties. Are we going to tell these workers that they must work until 70 or older before they can get full benefits?

Some have proposed a carve-out from a retirement age increase for those with physically demanding jobs, but this is more complex than it seems. Millions of service workers have jobs that wear their bodies out, too. It would be extremely difficult to identify the specific categories of workers who must retire early, let alone track all of the

different jobs that people have throughout their careers.

Social Security is the most effective antipoverty program in our Nation's history, our most important family income and disability protection program, and the cornerstone of retirement security. Its modest shortfall can and should be addressed without additional benefit cuts. Instead, because more and more Americans are entering retirement with less financial security, benefits should be improved.

I thank the chairman for holding this hearing and for his leadership on this issue, and I would be happy to answer any questions.

[\[The statement of Ms. Boivie follows:\]](#)

Chairman Larson. Thank you, Ms. Boivie.

And I want to thank all the panelists for your expert testimony. And now we are going to turn over to questions that the members of the committee will have, and I get to lead off.

And I would like to start and thank Kate Farrar from my home State of Connecticut for being here today. And I am wondering if you could expound on the numerous stories that you had about women especially and the problems that they face as we currently go through this crisis and the looming prospect of major cuts to Social Security in 2034.

Ms. Farrar. Yes. Thank you, Chairman. Unfortunately, as you commented, the stories I shared and others before you are just too common. And in the instance that I shared initially about the wage gap in our country and particularly in Connecticut, the wage gap for women does not discriminate. The wage gap crosses sectors, it crosses education levels, it crosses income levels. And as I also shared, you know, too many women, twice as many women than men actually work part time in our country to really shoulder disproportionately the caregiving responsibilities. And in our State of Connecticut women of color especially are vulnerable to poverty in retirement because of their greater significant wage gap and often those lower wage jobs that don't have savings or pensions.

And therefore, when we talk about protecting and expanding Social Security, these are the women we are speaking to and these are the women we need to keep in mind.

Chairman Larson. Thank you.

Dr. Rockeymoore, you in your testimony today, and several people have talked about this, but how raising Social Security's retirement age is a benefit cut. Can you

explain why it is a cut?

Ms. Cummings. Right. I mean -- it is a cut because, you know, when we did the estimates in terms of the Bowles-Simpson plan that raises the retirement age to 69, it was discovered that it would be a cut of approximately 14 percent per month for beneficiaries. And so it is a cut because, you know, there are less people who are actually able to take advantage of the Social Security benefit because they are dying sooner. And so with that, you have a situation where the benefits would be reduced over time. Fewer people would have access to it. And then Social Security, of course, would have an opportunity to actually, I guess, preserve more money because less people are actually getting the resources.

I think that it is important to understand that African Americans, blue collar workers, Latinos, people of color generally would have a harsher time when they are -- if there was a benefit increase -- excuse me, if there was a cut. And so with that, I think that it is important that we pay attention to the fact that half the income distribution is living longer, the other half is not. And so we have to pay attention to what that -- how that impacts proposals for Social Security.

Chairman Larson. Thank you, Dr. Rockey Moore.

Mr. Semprevivo -- did I get it right?

Mr. Semprevivo. Yes, sir, you did.

Chairman Larson. Well, listen, thank you for your testimony. And you seem like a pretty regular guy, an entrepreneur. I was wondering, are you saying, though, that we should do nothing with Social Security?

Mr. Semprevivo. Well, I am not a Social Security solvency expert. I did read the 270 page -- from the Social Security Administration, their analysis and their report. And, no, I am not saying do nothing. I am saying let's find middle class Americans and people

that are, say, for example, Mr. Chairman, 1099ers, which 48.2 million of those --

Chairman Larson. What is it are you saying that we should do then, if you are finding 1099ers to --

Mr. Semprevivo. They are going to be paying -- under your proposal, under H.R. 860, they are going to be paying -- they have to pay all 14.8 percent.

Chairman Larson. Well, do they really?

Mr. Semprevivo. They do, they do.

Chairman Larson. I mean, when you talk about the tax deduction that is available to them?

Mr. Semprevivo. That is not applicable, because this is a Social Security tax for the FICA. They have to pay that.

Chairman Larson. You can write off the portion on the business side. I mean --

Mr. Semprevivo. Okay. So let's entertain that.

Chairman Larson. Let's be honest about it, that it is -- we start with an increase for the worker and the employer. The employer gets the writeoff, the worker gets a benefit, right? You are calling it a tax.

Do you know any other taxes that you get a disability benefit and you get spousal coverage and that you get dependent coverage with and that you have a pension?

Mr. Semprevivo. Mr. Chairman, would you allow me to answer?

Chairman Larson. Sure.

Mr. Semprevivo. I will be happy to, sir. Thank you so much.

Let's talk about a 1099er, an Uber driver, a Lyft driver, a realtor, an insurance person. We have plenty of insurance people out of Connecticut, right?

Chairman Larson. Absolutely.

Mr. Semprevivo. So they are all 1099. Whatever wages they make, they don't

have an employer per se, they are the employer.

Chairman Larson. Right.

Mr. Semprevivo. So they get that 1099. Now, they are responsible for their Social Security contribution. So we increase by 2.4 percent, that becomes a tax, they have to get 14.8 percent. So I will just use a number --

Chairman Larson. It is not an insurance premium?

Mr. Semprevivo. No, it is --

Chairman Larson. Because they don't get any insurance for that?

Mr. Semprevivo. Well, with insurance, they have the flexibility and an opportunity to shop it, right? This is --

Chairman Larson. Do insurances have a guarantee, a lifetime guarantee, or do -- is an annuity something that you could outlive? Or what happened to those poor people that have 401(k)s, and as we showed up here, and found themselves in 2008 with a 101(k) instead of a 401(k)? The difference is that you have the full faith and credit of the United States Government here, and that is what allows the guarantee to your employees and other employers as well. It is an insurance plan.

Mr. Semprevivo. Well, I think what matters to most middle class Americans that are 1099, 48.2 million of them, when you tell them would you like to have a plan 40 years from now or would you like to feed your children now. The average age, and I just want to extrapolate on this, the average age of a realtor in the United States, 1.3 million of them, is \$60,000. So they are middle class America. They are the meat and potatoes of America. Same with insurance agents, Uber drivers, and Lyft drivers. You are now telling those individuals don't feed your children, because you are going to have to come up with 2.4 percent.

Chairman Larson. No one is saying don't feed your children. Come on.

Mr. Semprevivo. When you take money out of their hands --

Chairman Larson. With all due respect, no one is saying don't feed your children. Come on.

Mr. Semprevivo. Well, when you talk to them and you are telling them --

Chairman Larson. You seem like a pretty reasonable guy, but you know that that is not the case.

Mr. Semprevivo. I am. I am. I know people that are -- plenty of people that are making --

Chairman Larson. Dr. Rockeymoore, is that your experience with middle class people?

Ms. Cummings. No, absolutely not. Not only that, but, you know, the fact of the matter is, is that people do want protection. 1099 workers, part-time workers. And the fact of the matter is, is that they, you know, they are willing to actually incur that cost knowing that on the back end they have access to retirement benefits, disability benefits, or even survivor benefits. They are not able -- they might not be able to pay out-of-pocket for private life insurance benefits or for private disability benefits or even for a private annuity, but that Social Security is there for them. And that is why investing in it is important for entrepreneurs and it is important for workers, whether they are 1099 or full time.

Mr. Semprevivo. So would you say there is a priority, food versus insurance 30 years from now? Which priority are you saying they are sacrificing food now and waiting 30 years from now?

Ms. Cummings. No. Absolutely food and shelter is absolutely a priority.

Mr. Semprevivo. Right.

Ms. Cummings. But so is actually having a safety net to rely on in the case of a

crisis. And so, you know, I am just saying that, you know, this is just as important to 1099 workers as it is to full-time workers.

RPTR MERTENS

EDTR ZAMORA

[11:00 a.m.]

Chairman Larson. Let me recognize Mr. Reed for comments.

Mr. Reed. Well, thank you, Mr. Chairman.

And, Mr. Semprevivo, let me jump in here a little bit, because I think you are articulating something that needs to be highlighted. And that is, one, when we go into Social Security and when we go into Social Security disability, the common denominator of entry into that program is it is an earned benefit, as the chairman said. So in order for it to be an earned benefit, that means what? You have to have a what?

Mr. Semprevivo. You have to have individuals contributing to that to be an earned benefit.

Mr. Reed. And when they go to work, we call that a?

Mr. Semprevivo. Job.

Mr. Reed. A job. Right. So they have to have a job in order to qualify for the benefits. And so what your voice represents on this dais today is the voice of that job creator, that individual that owns the business, and/or that 1099 sole proprietor who is out there trying to take care of his own livelihood and his family.

So when you talk about a tax increase, like what we are potentially discussing here in order to take care of Social Security, and you talk about that \$2,400, and you talk about that number, are you talking about the cash flow today that people are suffering from, and that maybe Dr. Rockey Moore isn't understanding what I am hearing you say? Is that what you are saying is that cash flow, that cash, that that entrepreneur or that sole proprietor, that business owner, that employee is going to have to pay that tax increase

too, because that is cash flow to them. That goes to their household today, right?

You are saying that we should take into consideration, as a body discussing reforms here, to protect Social Security, we should take that into consideration, how that cash flow may jeopardize that job. Is that correct?

Mr. Semprevivo. It does. And I think there is kind of two separate issues. We are looking at sole proprietors, right? We are just lumping them into magical businesses being businesses. But oftentimes, you have a person, like a Lyft driver. He doesn't have a corporate employer that is making that 12.4 percent contribution on his behalf.

Mr. Reed. So when he loses that 12.4 percent, that is real cash out of his pocket --

Mr. Semprevivo. That is gas.

Mr. Reed. That is gas, rent, food.

Mr. Semprevivo. Food. Absolutely.

Mr. Reed. Day-to-day living expenses.

Mr. Semprevivo. Yes, sir. That is the real world.

Mr. Reed. And I think what you are articulating and what your testimony to me represents is that we should take that impact into consideration as we discuss Social Security reform. Is that your testimony?

Mr. Semprevivo. Absolutely, sir.

Mr. Reed. Okay. And then let me also understand. When you calculate your Social Security retirement benefit, that calculation is based on -- do you know what it is based on?

Mr. Semprevivo. Yeah. It was just gross wages up to a threshold of \$132,900.

Mr. Reed. So it is 35 years worth of your work history, right?

Mr. Semprevivo. Right.

Mr. Reed. So if your work history -- if we start off and we grow, and you are an entrepreneur and you are getting opportunities to invest in your business, and I think the tax cut bill led to some investment in your business that expanded your business. You hired new people. So if you start with those new employees with higher wages, maybe that is the common ground here. If there is higher wages at the onset of that 35-year work period, would that not increase your benefits at the time of retirement under Social Security?

Mr. Semprevivo. Without a doubt. The more --

Mr. Reed. Is that true, Dr. Rockeymoore?

Ms. Cummings. In terms of higher wages at the beginning?

Mr. Reed. Beginning and throughout the 35-year work history.

Ms. Cummings. I mean, it would actually lead to a higher benefit in the end if you had it.

Mr. Reed. And so as we have articulated in our testimony on our side, one of the things we are focused on is economic growth, as we said, in the LEAP -- the L of the LEAP principles that we are trying to articulate as, I think, an area of common ground that we can grow. So if we increase job opportunity, if we increase wages in America, that would have a corresponding impact, in a positive way, on Social Security retirement. Would anybody on this dais disagree with that?

Ms. Cummings. So I would just like to say that --

Mr. Reed. So the response is silence, so therefore, I will note for the record that no one disagreed.

Ms. Cummings. I actually disagree.

Mr. Reed. You disagree that jobs growth and wage increase will hurt retirement benefit calculations for Social Security recipients?

Ms. Cummings. I actually argue that Social Security is actually a boon for job growth and entrepreneurship in this country.

Mr. Reed. I am not disagreeing with that. I get that.

Ms. Cummings. Okay. Great.

Mr. Reed. But the underlying principle that increased wages, more job opportunity, because in order to qualify for Social Security retirement and disability requires a job, would increase the stability for folks receiving Social Security down the road, and the benefit would be increased by wages. Do you disagree with that?

Ms. Cummings. No, I don't disagree with that.

Mr. Reed. So hopefully, we have articulated here today, Mr. Chairman, one of our principles where there is common ground, I believe, from the whole entire panel that economic growth could be a part of this solution as we go forward. And with that, I yield back.

Chairman Larson. Mr. Pascrell is recognized.

Mr. Pascrell. Thank you. Thank you. Thank you, Mr. Chairman. Thank you, Mr. Ranking Member.

We had a massive tax cut voted upon in December of 2017. And when we look at the results of that tax cut, we don't see the increase in wages that this body was committed to. So I don't know if that is the answer to our system; growth. Every time we have a problem, it is economic growth will solve all of our problems. We have a financial problem. We have a budget problem in this country, and there has been a lot of talk of how we are going to cut back on the benefits for those Social Security recipients.

So many of those Social Security recipients, you heard the numbers, they are in some of your testimonies I have read, but the reason why we have tremendous anxiety is

that people don't know whether Social Security is going to be here in another 15, 20 years, so they are not spending their money. Lower income, lower middle income are those people that spend money when they have it in their pocket. And what those people are doing right now is saving their money just in case, and here is one of the elements, Social Security is not around when I get to there, when I get to that point. That is a fact of economics.

And, Mr. Chairman, I would hold that is a major part of why we are seeing an economy which is basically stagnant with regard to wages, although we have seen a little uptick in the last 2 months. So I am glad the Social Security Subcommittee is focusing on the importance of this earned benefit and improving benefits for its first and second hearing. And, Mr. Chairman, I must commend you for pointing out this is not an entitlement. We pay into it. It is an insurance policy, and that is very different than an entitlement.

Social Security plays an important role in ensuring economic security for Americans, from seniors, to women, to people of color, to younger workers. Today's witnesses make it clear that benefits need to be secured and improved, not reduced. Is there anybody on the panel that believes that benefits should be reduced? Anybody?

These benefits may be modest, but they are vital to the 63 million people who rely on them. Social Security is one of the most powerful anti-poverty programs we have. The traditional three-legged stool of pension, Social Security, and private savings for retirement security is no longer intact. Workers continue to move from job to job with undefined benefit packages that may be inadequate or not transferable. So nearly half of the private sector employees, about 55 million, do not have a retirement plan offered by an employer, contributing to a retirement crisis in America. We have a crisis. Fifty-five million people we are talking about.

That is why it is critically important to ensure the comprehensive sweep of protections that Social Security offers, that it remains intact. We all know the Social Security trust fund is fully funded until 2034, but there could be a shortfall beyond that if we do not act. Thankfully, there are several proposals.

I support the chairman's proposal, the 2100 Act, because it secures the trust fund in a way that ensures no benefit cuts need to be made for at least the next 75 years. Also, it expands benefits for current and future beneficiaries. You know, in 1983, somebody mentioned it before, 19 -- that was probably one of the great years in American history because in that year, Democrats and Republicans came together in a bipartisan way and did what to Social Security. Acted. And just a few years later, they got together again, okay. Tip and Ronald Reagan got together, okay. They weren't exactly bedfellows, and we had real tax reform. We had real comprehensive tax reform. Jack Kemp was a major part of that deal.

It can be done if we put our minds to it. If we don't, then we are going to have a real catastrophe here. And so those people who saved money, people we are talking about here for the majority, saved money, it is not going to be very useful at that particular time if Social Security is not here.

Thank you, Mr. Chairman.

Chairman Larson. Thank you.

Mr. Estes is recognized.

Mr. Estes. Thank you, Mr. Chairman. And thank you for all of our witnesses for joining us today.

You know, as we meet today, our economy is booming at historic levels. In fact, for the first time in history, we have more job openings than we have people seeking jobs. And in actuality, we have seen wages grow by 3.2 percent, which is the highest amount in

over a decade. You know, following the progress that the Ways and Means Committee and Congress made in the last 2 years to help jump-start our economy, you know, we can now look at how do we help people prepare for their retirement after their careers are over with. And this includes protecting and preserving Social Security for our current as well as future generations of retirees.

You know, for Social Security, a change in economy and population shifts due to baby boomers entering retirement means we can't overlook some of those serious, long-term financial challenges in this vital program. If we do nothing, it is estimated that the Social Security Trust Fund for retirement and disability will be depleted by 2034, which we have talked about earlier would result in a 21 percent cut in benefits, and we don't want that. We need to act now.

This is a serious call to action, and I think Republicans and Democrats can work together to strengthen and improve Social Security for our hardworking Americans. However, we must make sure that the solution doesn't include devastating tax increases that will harm our economy and dole out benefits in a haphazard way. Instead, we should target benefit increases to make sure that we most reward work and modernization of the project -- modernization of the program to help today's workforce.

Today I believe the real opportunity to work in a bipartisan way will strengthen and improve Social Security so that Americans can receive the real retirement security that they deserve.

You know, as the only former state treasurer serving in the House, I know firsthand about the importance of working on retirement security for the future. In Kansas, I helped with the reform that we did for our pension system when we were in a financial crisis and on a path to be insolvent, and we wanted to make sure we protected that. And that is the kind of leadership we need now.

You know, I have a personal story from my own family. My uncle died when my cousins were young, and my aunt relied on Social Security to help raise my three cousins. And it was an important part of their life in terms of helping maintain their quality of life. And, you know, Social Security was there when my aunt needed it the most, and now we need to make sure that we have it preserved for future generations.

Ms. Ruff, thank you for being here, a fellow Kansan. We appreciate that. You know, Social Security is an important part of that three-legged stool that provides retirement security for millions of Americans. And recently, AARP had this "You've Earned a Say" campaign, folks, you know, making sure Social Security is there for future generations.

Can you speak a little bit more about how important it is to act now instead of continuing to kick the can down the road for Social Security?

Ms. Ruff. Certainly. I would be very glad to. First of all, as we have all heard that it has been made clear that we have full funding till 2034, but then we will have benefit reductions if nothing is done. So if we wait and do nothing, we do risk cutting benefits. We do risk making it more and more difficult for people who are on Social Security, and we have not solved the issue. The longer we wait to agree to any solutions, the more tough -- the tougher that those solutions are going to be. They are going to be more drastic.

We have in the past as a country come together when there are critical issues to really think through for the long term how do we make everything much better. So from that standpoint, also, if we wait, what was referred to with one of the other panelists, people get worried. They think that there may not be Social Security in the future because they don't see progress being made.

What we saw with our "You've Earned a Say" campaign is that our members rely

on Social Security. They also know that it is a benefit for their children and grandchildren as well. So as we have talked with them and comments they have made, they recognize that they want to make sure that it is a long-term solution that in effect is a multigenerational solution, so that is why we can't kick the can down the road.

Mr. Estes. Thank you. You know, Social Security was never intended to be that sole source of retirement income.

Ms. Ruff. Correct.

Mr. Estes. You know, we want to make sure that we maintain this valuable resource so that, along with retirement savings and with private assets, that retirees can enjoy the quality of life that they deserve, that they have earned through their working life. So, you know, the sooner we act, the easier and more likely it is going to be to make sure that we protect this valuable asset that retirees deserve.

So with that, Mr. Chairman, I will yield back.

Chairman Larson. Thank you, Mr. Estes.

Mr. Boyle is recognized.

Mr. Boyle. Thank you, Mr. Chairman.

And first, let me say, Mr. Semprevivo, your argument would be a little more convincing to me had you brought for us some of Joseph's Lite Cookies. I know that that certainly would have helped with a number of members on this panel on both sides of the aisle.

Let me thank and commend the chairman of this committee. For the first time that I have been here as a Member of Congress, 5 years now, we are even talking about, in a meaningful way, what we are going to do in approximately 15 years from now when the dramatic shortfall hits the Social Security trust fund. And the fact that this is the first time, apparently since 1983, that a congressional committee is even taking up this issue

is, indeed, quite extraordinary. So I want to commend him.

I also want to stress for all of us on both sides of the aisle to seriously and definitively deal with this issue in this Congress just because, while approximately 15 years from now seems like a long ways off, it isn't. And as we know that current target date of 2034 is always a moving target, if we were to face a recession or slower economic growth than expected, what is projected to be 2034 could actually be much sooner than current projections.

I come at this issue with a couple different perspectives. First, as the son of someone who worked hard in blue collar jobs for over 50 years, who now gets more than half of his income in retirement from Social Security, I know from personal experience, family experience, that it is not just a statistic to say that there are for many millions of Americans the reality that Social Security makes up the majority of their income. It is one of the reasons why I believe that Social Security is the greatest domestic policy achievement of the 20th century.

I also come at it from the perspective of someone who is working and paying in to Social Security and would like it to be there decades from now when I retire and need it. I was just calculating this as the hearing was going on, but I have been paying into Social Security for exactly 25 years in the workforce and will hit full retirement age in exactly 25 years.

Whenever I am doing a townhall, and this has happened every single townhall that I have done, whether it is in a wealthier area or a lower income area in my district. Every single time, I get the question, typically from someone my age or in their forties and fifties, will Social Security be there for me when I retire? And most people asking that question -- and I am doing a townhall tonight. I am sure the question will again come up. Most people preface that question stating the belief that they just assume Social

Security will not be there for them when they retire.

So when I am able to talk to them about Social Security 2100 -- and I know we will get more into potential solutions tomorrow -- but when I tell them there actually is today existing in Congress one piece of legislation, I believe so far only one, that would address the insolvency issue and extend the trust fund lifetime for the rest of the century, people are pleasantly surprised. And people are far more pragmatic about the potential solutions than we sometimes believe they are here in Washington, D.C.

One of those solutions clearly to me has to be revenue increase. I would love if we could magically grow our way out of this problem. I would also love if one day I could play in the NBA. I sincerely doubt that either of those things are going to happen.

Mr. Reed. Not true.

Mr. Boyle. Thank you. The Ranking Member has much more confidence in my basketball ability than I have.

The idea that we could simply project that magically we are going to grow our way out of this issue is just fantastical. Talking about ways in which we can ensure that those making over \$400,000 a year pay more into the system is a legitimate avenue to explore. Making more than \$400,000 a year is about 10 times what the average worker in America makes. That is a legitimate place to look when we are talking about trying to extend and save the greatest domestic policy achievement in government of the 20th century.

And I see I am out of time, so I will yield back.

Chairman Larson. Thank you, Mr. Boyle.

And we will now recognize Mr. Ferguson.

Mr. Ferguson. Thank you, Mr. Chairman, and to the Ranking Member. I want to thank you, Mr. Doyle. I share your dream of playing in the NBA.

Mr. Boyle. It is Boyle.

Mr. Ferguson. Boyle. I said Doyle. Excuse me. But anyway, playing in the NBA, I think we will be on the same team at the exact same time.

But, Mr. Chairman, you know, you have been mighty kind to allow us opportunities to meet to talk about different ideas, different philosophies. I thank you for your openness in those conversations.

To the ranking member, Mr. Reed, thank you for the same. I think there have been a lot of really good conversations around this so far.

You know, one of the things as I sat here today and listened to the testimony, it was pretty remarkable. As a practicing dentist in a small rural community, every story that you said is exactly the way that I see it. A single elderly lady whose husband passed away that is struggling to meet ends, African Americans that struggled in poverty before we created jobs that moved people from the middle class -- I mean, from poverty into the middle class, workers in our local foundry that have worked extremely hard over the years that may not be able to do the physical labor at 67 that they could be at age 55. So I am thrilled that each of you see it the way that I do, that we have a diversity. We have a lot of different things going on in our communities. But I also get this feeling that there is every part of that conversation really revolved around what appeared and what certainly feels like, from a rhetoric standpoint, a cut, okay.

I have said in just about every single townhall and community meeting that I have talked to my constituents about over the last 2 years is we have to have an honest conversation about this, okay. And one of the things that I find, and I find that it is pretty remarkable, is that every time we start this conversation, what happens is that someone on the left side of the aisle will stand up and say, we have got to talk about Social Security. What does our side do? We basically tear them down because of it. Let a Republican stand up and talk about this issue, and what happens from the other

side of the aisle? There is a buzz saw coming at us. It is not intellectually honest to continue to do that.

This is going to be a very interesting conversation. And we quite candidly need, as both Republicans and Democrats, the political cover to have these conversations in a very honest way to reach a compromise position that is the right thing for this Nation, for our seniors, and for future generations.

So I would encourage each of you, as we have these conversations, to not be either overtly or kind of quietly covertly with threats of cuts and how the language goes. You can see it in the panels. You can hear it in the questions. We see it in the posturing. We have got to be able to have those honest conversations that probably get to a point where it is a combination of a lot of things that we are talking about, reforms to the program, which all too often get called cuts, but also I think that revenue is an important component of this, however we get to that point. I just ask that the outside groups allow members of the committee to have these conversations without being so demonizing to either side, and I say that on both sides of the aisle.

As a small business owner, some of the comments that you made I fully agree with, and the perspective that you have from operating a small business is one that I had. I don't care what else you say. When you have money that comes out of your business that goes to the Federal Government for whatever program, it is a tax. I mean, sure, there is an earned benefit that comes from it, but it is a tax. It is not an insurance premium, because an insurance premium is many times something that you have the option of buying. This is not an option. It is a tax.

I don't have many people saying that they are not willing to consider changes to both the program and to the revenue side, but we have to be honest about what it is. It is a tax, because it is coming from my business going into the Federal Government, and it

does affect our ability to hire future employees. And as we have all said, every single one of us recognizes that job creation is an important part of saving Social Security.

With that, Mr. Chairman, I yield back.

Chairman Larson. I want to thank the gentleman.

We now will recognize Mr. Schneider.

Mr. Schneider. Thank you, Mr. Chairman.

And I want to thank the chairman and the ranking member for having this hearing today. And in particular, I want to thank all of our witnesses for your participation and sharing your views, experiences, and perspectives. I think it is critically important.

All of you here have offered different views and perspectives. You have touched on how the changes of Social Security can disproportionately affect one population versus another, and different populations are affected in different ways.

We had a hearing earlier this year on Social Security, and I touched on the fact -- and I want to commend my colleague from Georgia and say thank you. I do think we need to be able to talk together. I will come to that in a second. But I also -- I will go there.

I think as we talk about ensuring future generations have a secure and dignified retirement, it is important that we get away from the posturing and the positions and get to the issues. And one we talk a lot about, and I did mention this at the last hearing, is this idea of raising the retirement age. And as many of you touched on, for many people, especially people of lower income working in more physically demanding careers, raising the income -- they already start with a lower life expectancy. There is all kinds of data that links income to life expectancy for a lot of reasons, and we don't need to go into those here. But if you take the typical 55-year-old in the lowest 20 percentile in income, have a life expectancy of 76. I say this all the time. Those at the highest 20 are at 88.

Raising the retirement age to 70 would reduce the retirement period for those at the lowest income range by fully a third, and this is difficult.

And, Dr. Rockeymoore, I would like to turn to you in the time I have left and talk about this. Because as we talked about these different communities, one of the things that drives our economy, and, Mr. Semprevivo, you touched on this, are the creation of small businesses, small business and entrepreneurs. But as people make the decision whether to venture out on their own, and especially in more economically challenged communities, having the confidence of a future retirement can play into that, and Social Security, I think, plays a role.

So I would be curious from your perspective of what role, if any, does Social Security have in helping promote small business development entrepreneurship in minority communities as they are making their decision to venture on their own.

Ms. Cummings. It plays a huge role. And I am speaking from experience, and I am also speaking from a larger statistical perspective. I had a sole proprietorship and I have had an LLC. Sole proprietorship, it was just me. LLC, I had up to 20 employees, including some 1099s and interns.

And so when I was a sole proprietor, what I was able to do was get a payroll service, paychecks and then later ADP, where I was able to pay my taxes through, you know, the deduction that comes through the payroll service, and that I meant I knew. Even though I could not offer HR benefits, I couldn't offer a 401(k) when I first got started. I couldn't offer a private life insurance benefit or a private disability benefit. I knew that I had Social Security there for me because I was paying for it through my payroll service and that I was making sure that I was taking care of my future even while I was in investing in my business idea.

Once I got more employees and I wanted to attract, make sure that I was able to

retain employees, I actually did create a 401(k), and I did get -- you know, I did offer a disability benefit that was in addition to Social Security. But guess what? Many, many, many, many, particularly startups, don't have that ability for quite a long time. So the role Social Security plays is it provides not only a safety net, but it is actually a boon to entrepreneurship, and it is a boon to business formation in this country by making sure that -- I mean, by providing a subsidy, basically, for business creation. And so many entrepreneurs are able to take advantage of this and not lose out on their critical retirement in the process.

And then, by the way, we always like to think that businesses will be successful. But what if businesses fail? And so the fact of the matter is that Social Security provides a failsafe that, you know, if a business idea is not successful, they don't lose out in the long term.

Mr. Schneider. Thank you. And I will yield back the few seconds I have left, but thank you. And again, I want to thank the witnesses for your time here today.

Chairman Larson. Thank you, Mr. Schneider.

Mr. Arrington is recognized.

Mr. Arrington. Thank you. Thank you, Mr. Chairman and Ranking Member, and I appreciate the spirit by which you approach this, you and the Ranking Member. If there were ever two congenial, patriotic, and practical people who could get it done in a partnership that was bipartisan, it is going to be you two. That is just my -- in the short time I have known you two, I really believe that. And I hope we are able -- I hope those words are from my mouth to God's ears and to your hearts and into the doing and the acting and execution of this committee, because we really can't wait. And that is one of the principles that the Ranking Member and I share, and I know you do too, and that is we can't kick the can down the road, and it is just going to get worse if we do, as Ms. Ruff

has stated.

And so I just want you to know I am open to finding a solution that will be probably equally painful for both sides. If it is not, I just don't -- I don't see us getting anywhere.

I am concerned about the taxes, and I am concerned that as we work together to solve this problem, we are clear about the facts surrounding the current economic growth. Growth in this economy is a part of the equation. It is not going to solve it, but it is a part. We can't grow out of this, like we can't grow out of the \$22 trillion in debt that we are in as a Nation, which is really a deferred tax, if we are going to talk about taxes on our children and grandchildren. But it is an important factor, and jobs and people working. And you have 7 million surplus jobs, and you have the same number of able-bodied male adults who are not working, age 25 to 50. That is deeply disconcerting.

So I think the facts, we have got to at least put them on the table. Wages and income have grown. They have grown 3-1/2 percent almost, and they are growing at the fastest rate since 2009. Income is up, wages are up, more jobs are coming online, and coming back to this country, and we have a 50-year low in unemployment. That is powerful. Let's just acknowledge that things are happening in a very positive way, and we are moving in the right direction since tax cuts, since we have relieved some of the job creators from the burden that they feel, among other things. We have not relieved them since Obamacare of the high cost of healthcare. I am not saying Republicans have come up with a solution that has passed and effectuated the change that we all desire which is more affordable, but I am saying it is crushing the small businessmen and women in this country, healthcare costs are. So we put them in a real pinch where when we talk about even a small relatively tax increase, you get the response like we have heard from

Mr. Semprevivo.

Let me just ask you just from a practical level, have the Tax Cuts and Jobs Act and the relief that you have experienced along with other small businesses who are the engine of job creation around the country, has that helped you? Has that given you some breathing room? Are you thinking more positive about your future? And are you investing in your company and growing? Just a quick response.

Mr. Semprevivo. Absolutely. We hired more people in my company. We issued raises of up to \$5,250 per person.

Mr. Arrington. So we don't want to go backwards. We have eight out of five people living paycheck to paycheck. Sixty percent of the American people have less than \$1,000 in their cash on hand. So let's be careful in how we solve this. It will be tough, and we have got to be open on both sides if we are going to do it.

One thing that I think, Mr. Chairman, that I may propose today as the easiest bipartisan solution is with respect to the principle of making sure that we have equal treatment for all public servants. The WEP, the Windfall Elimination Provision, has affected my State as much as any, because we have a lot of teachers and firefighters that are working, that they pay into their State retirement but also have covered income that goes through the Social Security system.

Now, the WEP was to get at parity. It didn't quite get there. We need to go all the way because we know how to do it, but let me ask you this: How do we fix that provision whereby people get their -- at 60, they get the information about what their retirement income is going to look like, and it doesn't include the WEP? It is without it, so they think it is actually more, in many cases, and that is creating chaos and confusion and deep, deep concern. That seems like an easy fix.

I know I am out of time, Mr. Chairman. Would you allow the lady, Ms. Ruff, to

just talk about a solution to that that we could consider?

Chairman Larson. I will say this, that we are going to have specific hearings on that alone, and as you are probably aware, both Mr. Brady and Mr. Neal have both introduced legislation with respect to that. And we fully intend to have a hearing on that and to raise that issue.

Mr. Arrington. I have gone over my time, and I thank you for the indulgence. I yield back.

Chairman Larson. With that, I will recognize that Mr. Higgins.

Mr. Higgins. Thank you, Mr. Chairman. Thank you for your leadership, particularly on Social Security 2021, your longstanding commitment to recognizing the value of Social Security and keeping people out of poverty, but also as an engine for economic growth in America.

Keeping people out of poverty, economic independence, economic self-sufficiency is very, very good public policy. Social Security has kept 22 million Americans out of poverty, including 1 million kids, 6 million adults under the age of 65, and 15 million adults over the age of 65.

My colleagues, who I believe, on the other side, who I believe are sincere, point to the tax cut, the corporate tax cut. According to the President's budget that was released yesterday, it will cost this government \$1.7 trillion over a 10-year period. We have now reached, because of that, trillion dollar annual deficits for the foreseeable future, at least for the next 4 years.

Corporate taxes don't pay for themselves. There is not a corporate tax in human history that has ever paid for itself. For every dollar that you give away in a corporate tax cut, you can hope, best-case scenario, to collect, to retain \$0.32. That is a 68 percent loss on investment to the American people.

My colleague talked about the job creators. The job creators are the American people. We have the strongest economy in the history of the world. The American economy is 70 percent consumption. When people have money, they spend it. When they spend it, they create aggregate demand. When you have aggregate demand, you have high growth rates. The last 20 years, we have had economic growth hovering at about 2 percent. We are underperforming significantly as the American economy. The last time we had 4 percent sustained growth over 20 years ago, we didn't have budgetary deficits. We had budgetary surpluses of \$300 billion.

So when you look at the return on investment of Social Security benefits, according to most economists, for every dollar that you spend in Social Security benefits, that money is spent. Those people aren't putting that in savings accounts. It produces \$1 in economic growth. So in terms of return on investment, if you are going to compare a \$1.7 trillion tax cut, I would rather have \$1.7 trillion for Social Security. Why? Because it will double. Your return on investment is 100 percent.

The proposed budget, \$4.75 trillion, is about 22.5 percent of the entire American economy. I just think that we have to begin to treat the American taxpayer much more respectfully in terms of how important the Federal Government budget is. It pays for scientific research. It carries the greatest burden for things like drug development. Private companies that make a bundle for these big blockbuster drugs don't do any of the basic science. The Federal Government does.

You know, every innovation in your smartphone, you know, touch-screen technology, global positioning satellite, the internet, these all came from government research dollars. And when, as economists say, they come down the cost curve and Steve Jobs takes all this and makes a billion smartphones in China, it doesn't benefit our economy. But American taxpayers have a huge, huge investment and are major, major

job creators in this country.

So I would just say, respectfully and particularly in deference to the chairman's bill on Social Security 2021, let's look at getting a greater return for our government spending. There is a lot of waste in government, but we have in this economy the greatest public-private partnership in the history of the world. And without government research, basic research, we are never going to get the commercial products and the commercial growth that is essential to the long-term fiscal stability of this country. And Social Security and investing more in it is a good investment in the growth of the American economy because it keeps people out of poverty.

With that, I will yield back, sir.

Chairman Larson. I thank the gentleman from New York.

And it will always be the policy of this chair when we are joined by members of the committee of the whole on the subcommittee that they have an opportunity to question as well, and so we are honored to have Mr. Rice from South Carolina. I recognize him.

Mr. Rice. Thank you, Mr. Chairman.

I have been in Congress now for 6 years, and I really believe that my whole focus is on making America competitive. And if we could just solve about -- there is really not that many, five or six major problems that we face, that we could unleash the American economy and the American workforce, and that a lot of these problems become a whole lot similar -- simpler.

One of these problems is Social Security is out of balance, and that is probably one of the easier ones to fix, actually, in terms of the math. Medicare is much harder. But we have got to deal with these entitlements, and they are political hot potatoes, as everybody said. It is very difficult. Nothing is going to happen here if it is not

bipartisan. Absolutely nothing is going to happen, and everybody has got to come to that realization. So we have got to get together and come up with a solution. And there is really not that many levers to pull. I mean, you can either increase taxes or you can cut benefits. There are different ways you can do that, all factor in.

So Sam Johnson introduced a plan that would balance Social Security for 75 years without raising one cent of taxes. It is all with raising the retirement age and cutting the initial benefit and reducing the COLA, the annual benefit cuts. Our chairman here has introduced an alternate plan that does it purely with raising taxes, and there the twain shall meet.

But what I will tell you is this: If we don't come up with a compromise solution that takes into account both those things, this problem is not going to get fixed. Because even if the House passed it, which that won't even happen with the chairman's plan. But even if the House passed it, it is not going any further than that.

So, you know, it sounds attractive. A cup of Starbucks and raise the taxes on those guys over there, the ones who make over \$400,000, put a 15 percent increase in their taxes, but think about the practicality of it. When fully in place, it raises the Social Security tax from 6.2 percent on each side, 12.4 to 14.8 percent. That is another 2.4 percent. Okay. You have got your Uber driver, makes \$40,000 a year. 2.4 percent is a thousand dollars a year. And who doesn't think that is a hard thing for that Uber driver who is making \$40,000 a year to pay an extra thousand dollars a year in Social Security taxes?

And I will tell you, that guy, you know -- somebody was mentioning the people 25 to 35 don't have any retirement savings. If you polled them, do you think that those 25- to 35-year-olds would think they would rather keep that thousand dollars and not worry about Social Security? Because I will tell you this, I bet 80 percent of them don't

believe they will ever get Social Security.

So that being said, you know, I totally agree that this is a promise that we made to our seniors, and we have got to make it whole. And it is irresponsible that it hasn't been done up till now. We have got to make this thing golden. I think everybody in this room would agree with that. There have been a couple of alternate plans that have already been submitted. Republicans and Democrats submitted plans.

Ms. Ruff, AARP, what's your plan?

Ms. Ruff. What we propose is that a lot of the points that have been raised here, they are all incredibly important to the discussion on Social Security. We do need a bipartisan bill. That is the only way we can have long-lasting solutions.

So our proposal is we have policies on many of the different areas, but the fact is they are all levers that need to be looked at together. What we propose --

Mr. Rice. But you don't have a plan, do you?

Ms. Ruff. No.

Mr. Rice. You don't have a specific plan to fix Social Security?

Ms. Ruff. No. What we do is we talk to our members. We get info from the members and we, in fact, want to help in this discussion so that people do understand what the pros and cons are of each approach, and then --

Mr. Rice. Thank you, ma'am. Thank you.

Ms. Ruff. That is where we are.

Mr. Rice. So I was looking at -- somebody said before that life expectancies haven't risen for minorities, but I was actually looking at the tables a little while ago. And since the last time Social Security was fixed in 1982 or 1983, I think, when Ronald Reagan and Tip O'Neill got together -- and what they did was a mix of tax increases and benefit cuts, basically. They increased the retirement age from 65 to 67, and they raised

the cap. I think the cap at that time was about \$30,000. Now it is \$130,000.

So, you know, in the end, that is what is going to end up having to happen here. And the truth is that across all demographics, since 1980, the life expectancy has increased about 5 years for everybody. So -- it has. I just looked at the tables.

So in the end, what we are going to end up having to do is something similar to what they did, and everything is going to have to be on the table, and everything is going to have to be included if we want to actually reach a solution. I mean, we can argue and make points and tear each other down or we can try to find a solution to the problem.

I yield back, Mr. Chairman.

Chairman Larson. Well, I thank the gentleman.

And I would just point out, we had a lot of talk about Uber drivers today, and I would just say, when that Uber drivers gets involved in an accident and finds himself disabled and is looking around to make sure that he takes care of his children and his family, he is going to be awful glad that the only thing that he had and the only guarantee that was there for him was Social Security.

And so I do think this has been informative. I want to thank the panelists, and I want to thank you for your patience. I hope in the future -- and we intend to have a lot of follow up where we are just going to have briefings too, because a number of members have requested that where we can go back and have a little more give and take, both in terms of panelists, but also in briefings and follow ups so that we are -- where there is a dispute on data or information, that we can further jaw through that and ultimately come to a solution.

But I thank everybody for being here this afternoon, and -- well, this morning and almost afternoon, and look forward to our hearing tomorrow at 2 o'clock.

And with that, the subcommittee stands adjourned.

[Whereupon, at 11:49 a.m., the subcommittee was adjourned.]

Questions for the Record follow:

[Ms. Joan Ruff, Question for the Record](#)

Submissions for the Record follow:

[Chairman Larson, Submission: SSA Actuary Report on H.R. 860, the Social Security
2100 Act](#)

[The Senior Citizens League, Statement](#)

[Center for Fiscal Equity, Statement](#)