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3 **Hearing on Comprehensive Legislative Proposals to**

4 **Enhance Social Security**

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7 **HEARING**

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9 BEFORE THE

10 SUBCOMMITTEE ON SOCIAL SECURITY

11 OF THE

12 **COMMITTEE ON WAYS AND MEANS**

13 **U.S. HOUSE OF REPRESENTATIVES**

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15 **FIRST SESSION**

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73 **Hearing on Comprehensive Legislative Proposals to Enhance Social Security**
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75 U.S. House of Representatives,
76 Committee on Ways and Means,
77 Washington, D.C
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81 **WITNESSES**
82

83 **Dianne Stone**

84 Director
85 Newington Senior & Disability Center
86

87 **Stephen C. Goss**

88 Chief Actuary
89 Social Security Administration
90

91 **Nancy J. Altman**

92 President
93 Social Security Works
94
95

96 **Mattie Duppler**

97 Senior Fellow for Fiscal Policy
98 National Taxpayers Union
99

100 **Shaun Castle**

101 Deputy Executive Director
102 Paralyzed Veterans of America
103

104 **Max Richtman**

105 President and CEO
106 National Committee to Preserve Social Security and Medicare
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HOUSE COMMITTEE ON WAYS & MEANS
CHAIRMAN RICHARD E. NEAL

ADVISORY

FROM THE COMMITTEE ON WAYS AND MEANS SUBCOMMITTEE ON SOCIAL SECURITY

FOR IMMEDIATE RELEASE

CONTACT: (202) 225-3625

April 3, 2019

No. SS-3

Social Security Subcommittee Chairman Larson Announces a Hearing on Comprehensive Legislative Proposals to Enhance Social Security

House Ways and Means Social Security Subcommittee Chairman John B. Larson (D-CT) announced today that the Subcommittee will hold a hearing on “Comprehensive Legislative Proposals to Enhance Social Security” on Wednesday, April 10, 2019, at 9:00 AM, in room 2020 Rayburn House Office Building. This will be the third hearing in a series on “Protecting and Improving Social Security.”

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 Wednesday, April 24, 2019.** For questions, or if you encounter technical problems, please call (202) 225-3625.

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COMPREHENSIVE LEGISLATIVE PROPOSALS

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TO ENHANCE SOCIAL SECURITY

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Wednesday, April 10, 2019

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House of Representatives,

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Subcommittee on Social Security,

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Committee on Ways and Means,

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Washington, D.C.

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The Subcommittee met, pursuant to notice, at 9:00 a.m.,

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in Room 2020, Rayburn House Office Building, Hon. John Larson

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[Chairman of the Subcommittee] presiding.

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206 *Chairman Larson. The committee will come to order.
207 Good morning, everyone, and -- on this bright day and
208 historic day. And, as Nancy Altman pointed out to me, you
209 know, it is also a historic day, in terms of it being Frances
210 Perkins's birthday. So we are proud to have dropped Social
211 Security 2100 on Franklin Delano Roosevelt's birthday, and
212 equally proud that we have such a distinguished group of
213 panelists this morning to talk about not only preserving
214 Social Security, but enhancing it in a number of the
215 proposals that we have had come before the committee.

216 Tom and I were just discussing -- and I think this is
217 clear on both sides -- that what the American people want and
218 what the American people deserve are solutions. And you
219 know, the last time that Congress seriously did something
220 about Social Security, Ronald Reagan was the President, Tip
221 O'Neill was the Speaker.

222 We believe that it is long overdue for us to move
223 forward on this issue, especially given the pressing nature
224 of what has happened to so many Americans. As the AARP
225 points out, those between the ages of 50 and 64 are the most
226 worried about their future, and polling data would support
227 that.

228 That is why this committee is holding these hearings.
229 We are shining light on all the options to enhance and expand
230 Social Security, because to do nothing is not an option, and

231 we have pointed that out. Statistically, what happens in
232 just 15 years actuarially and, most importantly, what happens
233 to individuals would be devastating across this country. And
234 I firmly believe that our colleagues on both sides of the
235 aisle are committed to getting the job done.

236 Let me start by complimenting the President of the
237 United States. The President, I think, both in his book and
238 also when it really mattered, when there was a bright light
239 during the course of debate that was shined on the issue of
240 Social Security, when pressed to say whether it was an
241 entitlement, President Trump resisted and said, no, it is an
242 earned benefit. And, in fact, as he said in his book, it is
243 a deal that we made a commitment to, and he intends to keep
244 that.

245 Our polling has shown that Americans are remarkably in
246 agreement in changes they want to see in Social Security, and
247 that they want to see protected and expanded. Social
248 Security, after all, represents the full faith and credit of
249 the United States Government. And that is why we are proud
250 to say that it has a 99 percent loss ratio. For those of us
251 formerly in the insurance business, that explains the
252 efficiency of this program.

253 And to American citizens, as well, who only have to
254 check their pay stub to understand that this is an insurance
255 plan, they do so by looking at FICA, which stands for Federal

256 Insurance Contribution. Whose? Theirs. And so,
257 essentially, every American knows that this is the nation's
258 insurance plan.

259 It is our bedrock retirement security program. It is
260 essential for the middle class. Millions of Americans rely
261 on it. In fact, a new GAO study reports that nearly 50
262 percent of American households 55 years and old [sic] have no
263 retirement savings. That is an incredible statistic, when
264 you think about it.

265 After the great recession 10 years ago many saw their
266 retirement savings wiped out. And according to economists at
267 the Federal Reserve, on average the bottom 90 percent of
268 households have not regained the wealth they lost in the
269 recession.

270 We have a retirement crisis, and Americans are relying
271 on Social Security as the floor of their retirement now more
272 than ever. That is why we need to act and move forward as a
273 committee.

274 One of the reasons we have asked Steve Goss, the chief
275 actuary of Social Security, to be here today is so everyone
276 can understand the challenge we face in terms of Social
277 Security's financial status. He also will discuss what
278 solutions are.

279 And I want to note for the record, as he would want to
280 make sure, as well, that the actuary is strictly neutral. I

281 have asked him to spend a few minutes explaining the 2100 Act
282 and the most critical point, from my perspective, and I think
283 everyone's is sustainable solvency. He has prepared an
284 actuarial analysis for many other bills, and welcomes
285 questions of all proposals.

286 We believe that Social Security needs to be expanded,
287 and the Social Security Act 2100 does that in four ways.

288 Number one, we make an increase across the board of two
289 percent. Let's be clear: Nobody is getting wealthy on
290 Social Security. But it is essential for people's basic
291 subsistence that, as Americans, we make sure that they are
292 able to live out their lives in dignity.

293 Noting that, we also recognize that for many Americans -
294 - far too many -- they find themselves retired after paying
295 in all their quarters, but still living in poverty, even with
296 Social Security. Because the last time that plan was
297 adjusted was in 1983, and should have been indexed, but was
298 not. And so we create a new floor for Social Security that
299 will be 125 percent of poverty, therefore assisting and
300 abetting and lifting people above the poverty level.

301 We also provide a tax break for seniors because, again,
302 back in 1983 it was deemed that if you were making -- were
303 single and making more than \$24,000 a year, your
304 Social Security was taxed. If you are a married couple and
305 making 32,000 it was taxed. So we raised that to 50,000 for

306 single and 100,000 per married couple. And that amounts to
307 12 million Americans getting a tax break.

308 We also followed what the AARP has been recommending for
309 some time, called C PIE, E standing for the elderly, but also
310 the essentials that the elderly need is how I like to talk
311 about it. And that means, you know, the doctor visits, the
312 prescription drugs, the nutrition, the physical therapy, the
313 heating and cooling of their homes. These are, again,
314 essential for people being able to survive.

315 And, of course, also making sure that this is, as
316 actuaries like to say, sustainably solvent. And that means
317 that it is solvent beyond the 75 years, and therefore called
318 Social Security 2100.

319 There are a lot of good ideas that this committee will
320 come up with and move forward with, and we will continue to
321 discuss. But I am pleased today that this is the fourth
322 hearing that we are conducting, and we are going to be able
323 to hear from this -- these distinguished panelists.

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

325

326

327

328 *Chairman Larson. But before we do, first, my good
329 friend and ranking member, Tom Reed.

330 *Mr. Reed. Well, thank you, Chairman. And, as you
331 referenced Tip O'Neill and Ronald Reagan working on Social
332 Security, I know in this partnership I think I know who Tip
333 O'Neill is, but I definitely know who is not Ronald Reagan.

334 [Laughter.]

335 *Mr. Reed. So it is good to be with my good friend,
336 John Larson, and I appreciate that. So thank you, Chairman
337 Larson, for holding this hearing today. I am happy to join
338 you to discuss the proposals to improve Social Security
339 benefits to reflect today's people and the families we all
340 care about.

341 At our last hearing I shared my personal story of being
342 raised on Social Security. I am the youngest of 12, and my
343 mom, Betty Barr Reed, raised me and my 11 other older
344 siblings on her own with a Social Security check and military
345 death benefit check after my father passed when I was two.
346 My personal experience taught me the importance of Social
347 Security and why it is critical we protect this program, not
348 just for today's beneficiaries, but for our future
349 beneficiaries, as well.

350 When I was a law school student I aspired to work with
351 those less fortunate and in need of legal services. My
352 father was a career military veteran and even though he died

353 when I was two, I learned from his legacy of service. I
354 wanted to do my part to give back.

355 However, my dreams quickly faded when I graduated with
356 over \$100,000 in student loan debt. That debt was crushing
357 to me and my wife, Jean. That debt limited our career
358 choices and forced us to rethink all our decisions: when to
359 start our family, where to live, and what path to pursue
360 professionally.

361 My wife, Jean, worked many jobs and waited tables while
362 I studied for the bar and applied for jobs at places such as
363 Blockbuster. You know, for the Millennials here -- I don't
364 see too many of them.

365 [Laughter.]

366 *Mr. Reed. There is one. That is our generation's
367 Netflix.

368 [Laughter.]

369 *Mr. Reed. To say we struggled to get through those
370 early years right out of college would be an understatement.
371 I can't imagine having an additional increased tax burden, a
372 smaller net paycheck, as included in the proposal that is
373 being submitted today, on top of all the debt Jean and I were
374 already working so hard to pay off.

375 And, Mr. Chairman, as you know, the issue of exorbitant
376 student loan debt is not improving. It is getting worse with
377 each passing year as higher education fails to lower its cost

378 to make college affordable. As a result, future generations
379 of leaders fall further and further behind.

380 Mr. Chairman, I know you, and I want to say here today I
381 care about these young people, young people like my own
382 children, Autumn and Will. Republicans care about these
383 young people. Democrats care about these young people. We
384 want to ensure they experience an economy that rewards the
385 value and dignity of a hard day's work. That is why we cut
386 taxes for Americans across the board, giving young people an
387 economy that works for them and gives them a fair shot at
388 achieving the life that -- of their dreams.

389 As a proud Republican, I believe work provides dignity
390 and opportunity. Work is good for your bank account and good
391 for your soul. Work is not a dirty word. We care about
392 making sure young Americans are rewarded for their hard work,
393 not penalized with a potential 20 percent increase in the
394 payroll tax.

395 As we will hear today, raising payroll tax rates is not
396 only bad for small business and our economy, but unfairly
397 hurt young people. It hurts the students struggling to pay
398 their rent and pay for their next meal. We want to empower
399 the next generation with tools to save for their retirement
400 in a way that works best for them.

401 We need a Social Security plan that addresses the needs
402 of Americans today and the needs of Americans down the road.

403 That is why we cannot go down a path that would protect
404 today's beneficiaries on the backs of their grandchildren.
405 Today's retirees don't want that. Those just entering the
406 workforce don't want that. And you can be sure the
407 Republicans on this subcommittee don't want that, either.

408 As I said before, the mission of the Republicans on this
409 subcommittee is to secure benefits without tax increases. We
410 want to leap with you in a bipartisan manner, so we can make
411 sure all Americans can count on Social Security to be there
412 for them, for their children, and for their many
413 grandchildren to come.

414 LEAP represents the principles of the Republicans on
415 this subcommittee: long-term economic growth by rewarding
416 work; equal treatment for public servants; acting now to
417 protect future generations; and protect the most vulnerable
418 people through focused reforms.

419 This hearing and regular order are an important part of
420 the process to develop a Social Security proposal that meets
421 these principles and works for all Americans. We, as
422 Republicans, are here to listen.

423 So as we continue this conversation about Social
424 Security and receive input from Americans from all walks of
425 life we cannot forget about the next generation and the
426 recent college graduates who are already drowning in student
427 loan debt. Only by listening first can we have a truly

428 bipartisan, comprehensive solution to Social Security, and
429 only after listening to all voices first will we present a
430 plan that we hope you will consider in our deliberations to
431 sincerely fix the long-term threat to the viability of Social
432 Security.

433 In closing, we care about these young people. We care
434 about our present retirees. We care about those about to
435 retire. Thus, in this endeavor we will fight at every turn
436 to ensure they are -- all have a fair opportunity to achieve
437 their dreams, and in particular live their retirement years
438 in a prosperous, secure manner.

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

440

441

442 *Mr. Reed. And with that I yield back. Thank you, Mr.
443 Chairman.

444 *Chairman Larson. I thank the Republican leader.

445 And we have a distinguished panel of witnesses here with
446 us today to discuss the important issue of legislation to
447 enhance Social Security. And let me introduce them, and then
448 we will start.

449 Ms. Dianne Stone, from the great State of Connecticut,
450 who, for 21 years, has been the director of the Newington
451 Senior and Disabled Center.

452 Welcome, Ms. Stone.

453 Mr. Stephen Goss, as you have -- who was -- I talked
454 about him in my remarks -- is the independent chief actuary
455 of Social Security, has served in the office since 1978. He
456 is the definitive source of cost estimates, and he does not
457 take positions on any legislation, but is here to help
458 understand the various options.

459 Nancy Altman, president of Social Security Works, leads
460 a broad coalition of groups that support protecting and
461 enhancing Social Security, a long-time expert on Social
462 Security.

463 Ms. Mattie Duppler, a senior fellow for fiscal policy of
464 the National Taxpayers Union, has been working on fiscal
465 policy for over 10 years, and has a list of credentials that
466 would take me about a half-hour to read.

467 So, Mattie, welcome here.

468 Mr. Shaun Castle, an American hero, deputy executive
469 director of Paralyzed Veterans of America, representing
470 veterans and others with spinal cord injuries and disorders;
471 an Army veteran who was deployed to Kosovo, Macedonia, and
472 elsewhere around the globe; a professional athlete, as well,
473 as he is star of wheelchair basketball.

474 Congratulations, Mr. Castle.

475 And, of course, Mr. Max Richtman, the president and CEO
476 of the National Committee to Preserve Social Security and
477 Medicare, representing millions of seniors who want to see
478 Social Security strengthened and enhanced.

479 Welcome again to each and every one of you. And each of
480 your statements will be made part of the record in its
481 entirety. I would ask that you summarize your testimony in
482 five minutes or less.

483 To help you with that time there is a timing light at
484 your table. When you have one minute left the light will
485 switch from green to yellow, and then finally to red when
486 your five minutes is up.

487 We will begin with the Nutmegger, Ms. Stone from
488 Connecticut.

489 [Laughter.]

490

491 STATEMENT OF DIANNE STONE, DIRECTOR, NEWINGTON SENIOR AND
492 DISABILITY CENTER

493

494 *Ms. Stone. Thank you very much. Thank you, Chairman
495 Larson, Ranking Member Reed, and members of the Social
496 Security Committee for the opportunity to come before you
497 today to talk about the importance of Social Security to the
498 people that we see every day, and to tell you some of their
499 stories.

500 I have been the director of the Newington Senior and
501 Disabled Center in Newington, Connecticut for 21 years. We
502 are a suburban community just south of Hartford with a
503 population of just over 30,000, and 25 percent of our
504 population is age 62 or older.

505 The Senior and Disabled Center was the first in
506 Connecticut to achieve accreditation through the National
507 Council on Aging, has a membership of more than 1,600, and we
508 see 200 to 300 people a day. We have a robust information
509 and referral center, and we work with our town's human
510 services department to provide our residents, especially
511 those who are struggling, with the help they need to live as
512 full members of our community.

513 Out of the thousands of people in Newington who receive
514 Social Security, it would be difficult to find anyone who
515 would say it is not important. It is the foundation of

516 retirement for all Americans, providing a stable, guaranteed
517 monthly income. Between their Social Security, pensions, and
518 savings, most of our residents can live modestly but
519 comfortably for most of their lives.

520 The people who come to see us in our social services
521 offices are those who are having trouble making ends meet.
522 They may be above the poverty line, but they don't have
523 enough to live on. According to the Elder Economic Security
524 Index, a homeowner without a mortgage in Connecticut needs
525 \$2,180 and a couple needs \$3,124 just to cover their basic
526 needs. Most of our clients are well below that.

527 Social Security is critical to everyone we serve, but it
528 is not enough.

529 Most of our clients planned for their retirement. Those
530 plans were based on assumptions that we all make, like how
531 long we think we are going to live. In my written statement
532 I talked about Rose, who started working at age 17 in 1935,
533 the year Social Security was signed into law. She went on to
534 work another 60 years, retiring at 77. When she and her
535 husband, Bob, planned their retirement, her life expectancy
536 could be predicted to be about 85. Bob passed away about 15
537 years ago, and Rose lives quite independently in her own home
538 on her Social Security of \$1,200 and a small pension under
539 400.

540 We are all looking forward to celebrating Rose's 101st

541 birthday in the fall, but no one, including Rose, could have
542 predicted she would live so much longer than the actuarial
543 table said she would.

544 We assume that our family structures are going to remain
545 intact, but that is not true for an increasing number of
546 people. The divorce rate for women over 65 went from 3
547 percent in 1980 to 13 percent in 2015.

548 I told you about Janet. With both of their Social
549 Security checks, she and her husband would have been
550 comfortable. But they divorced, and she is living on less
551 than 1,900 a month. She tried to make things work, but she
552 is going to lose her home, and she doesn't know where she is
553 going to go.

554 We assume that we are going to be able to work until
555 full retirement age, building up our Social Security,
556 savings, and pensions.

557 Mr. H. thought that. He and his wife lived comfortably
558 on his salary, as he worked in the hazardous waste removal
559 industry for almost 30 years. And he worked at sites like
560 Ground Zero and Katrina, and closer to home at Sandy Hook
561 Elementary School. The exposure to chemicals and the
562 emotional trauma really took its toll. But if that wasn't
563 enough, in 2011 he got hit by lightning. He was no longer
564 able to work, exhausted his unemployment, and most of their
565 savings. Fortunately, he was approved for Social Security

566 disability. So with \$2,600 now coming in, they are far from
567 rich, but they are not going to lose their home.

568 Of course, Social Security is not only important to
569 current retirees. Every colleague and every friend that I
570 have talked to has expressed that Social Security is a
571 critical part of their retirement plan. It is for me.

572 I understand that currently the program can pay full
573 benefits until 2034. That is the year that I am going to be
574 at full retirement age.

575 Upon signing the Social Security Act, President
576 Roosevelt said, "We can never insure 100 percent of the
577 population against 100 percent of the hazards and
578 vicissitudes of life, but we have tried to frame a law which
579 will give some measure of protection to the average citizen
580 and to his family against the loss of a job and against
581 poverty-ridden old age.'" It is my hope that this promise
582 made some 80 years ago will be kept for the people before me
583 and for the people after me, and that Congress will take the
584 steps necessary to ensure that is so.

585 Thank you.

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

587

588

589 *Chairman Larson. Thank you. Done extraordinarily
590 well, Ms. Stone from Connecticut.
591 And now, Mr. Goss, will you respond?
592 *Mr. Goss. Absolutely.
593

594 STATEMENT OF STEPHEN C. GOSS, CHIEF ACTUARY, SOCIAL SECURITY
595 ADMINISTRATION

596

597 *Mr. Goss. Thank you very much, Chairman Larson,
598 Ranking Member Reed, and members of the Committee. Thank you
599 so much for the opportunity to come and talk to you today.
600 We actually have six other folks from my office here. We
601 work all the time on Social Security and these issues, not
602 only on the actual status of the program under current law so
603 we can instruct you as to what the shortfalls are coming
604 forward when there are such, but also to work closely with
605 you and your staff on proposals such as we are talking about
606 today to try to fill in those shortfalls and make sure that
607 Social Security will be sound and firm for the future, and
608 that the American public will well understand that.

609 I have to confess that, actually, there was one problem
610 I had with Chairman Larson's opening statement. Actually, I
611 started Social Security back in 1973. So I have been around
612 for a while, five years even longer than indicated.

613 *Chairman Larson. Wow.

614 [Laughter.]

615 *Mr. Goss. So I have been there through a few things,
616 including, the last comprehensive legislation that we had, as
617 Chairman Larson indicated, which was in -- back in 1983. I
618 worked very closely on that with folks on the House and the

619 Senate, including the Greenspan Commission and another
620 commission even before that.

621 One of the things that came from that -- and Chairman
622 Larson referred to this -- was the realization that at the
623 time of the 1983 Amendments we were able to provide
624 projections that gave us an expectation of 75 years of
625 solvency for Social Security. The issue with it was, though,
626 that the nature of the fixes in the 1983 Amendments were
627 going to result in a relatively large trust fund built up,
628 and then a rapid decline down.

629 From that came a notion which we have been working very
630 closely with Members of Congress and others on since about
631 the mid-1990s called sustainable solvency. It is simply
632 making sure that we end up with the next legislative reform,
633 that will be intended to make sure we have 75 years of
634 solvency, being able to pay the full schedule of benefits
635 throughout the next 75 years, and have it such that our trust
636 fund reserves at the end of the 75-year period are not
637 declining, that they are stable or rising as a percentage of
638 the annual cost of the program. If we are in that position,
639 and our projections and our assumptions for the future come
640 true, then we know we will be on sound footing not only for
641 75 years, but for the foreseeable future even beyond that.

642 So that is what we are hopefully and planning to do. If
643 we had interim legislation to get us partway that would be

644 okay. But if we are talking about comprehensive reform for
645 Social Security to be able to extend us into the 75 years and
646 beyond, sustainable solvency is really a very, very important
647 concept.

648 Now, as already mentioned, if we do not act in a timely
649 fashion, we are looking at 2034 as being the year in which we
650 will have our trust fund reserves, on a combined basis -- we
651 have two trust funds, Become depleted in 2034.

652 But that doesn't mean close the doors, or we are
653 "bankrupt", as sometimes people say. It would mean that, in
654 fact, at that moment in 2034 we project we would still have
655 \$0.79 coming in for every dollar of scheduled benefits. That
656 is far from nothing, but it is not the 100 cents on a dollar
657 that people are expecting for their scheduled benefits. By
658 2092, speaking to the stability of the program after 2034,
659 that \$0.79 on a dollar would drop to \$0.74 on a dollar with
660 tax revenue is still coming in to be able to support
661 benefits.

662 So we have some work to do. How can we address these
663 shortfalls? One possibility is that we could increase
664 revenue to the program by about 29 percent over what is
665 scheduled now. We could reduce the scheduled benefits by
666 about 23 percent, or some combination by 2034.

667 Now, putting this in terms of the percentage of GDP, the
668 cost of Social Security over the next 75 years for the

669 scheduled benefits is about 6 percent of GDP. High, low?
670 Our view on this -- and we believe yours is, also -- Social
671 Security benefits are all about what the American people
672 want, and what they are willing to pay for. So the question
673 of six percent of GDP, is that where we want to be? Do we
674 want to be more or less than that?

675 The problem is that the schedule of revenue for Social
676 Security is at the level of 5 percent of GDP overall for the
677 next 75 years, so we are 1 percent of GDP short. As we move
678 out into the more distant future, as the demographics change,
679 that shortfall actually becomes after 2034, about 1.4 percent
680 of GDP. So to sustain the level of benefits that are
681 currently scheduled, we are going to have to have some
682 increase in the revenue, or we are going to have to cut back
683 on the benefits, as mentioned.

684 One thing that is really important is that financial
685 planners tell us that in retirement we should have 75 to 80
686 percent of the level of earnings that we had during our
687 career. Social Security at this point provides about 40
688 percent, on average, for scheduled benefits. That is for
689 somebody retiring at 65. If you retired at 62 it might be
690 more like 32 percent, on average. And if we failed to do
691 anything, that could drop down by 20 percent when we got up
692 to 2034.

693 There have been many comprehensive proposals. Since

694 1983 we have looked at a number of comprehensive proposals.
695 The only one that has been introduced in recent times, in
696 this Congress and the last that would really achieve
697 sustainable solvency, is the Social Security 2100 Act, which
698 is introduced in this Congress and also in the last Congress
699 very similar.

700 We have a 1 percent of GDP shortfall over the next 75
701 years. This bill would satisfy that. It would give us extra
702 revenue to cover the one percent. It would, in addition,
703 provide an extra 0.3 percent of GDP over and above that to
704 provide some enhancements, a little bit less than 5 percent
705 increase in the level of benefits, as per what is scheduled
706 in current law now.

707 And, on top of that, another 0.1 percent of GDP of extra
708 revenue that would give us a bit of a cushion, in terms of
709 the solvency of Social Security going into the future to
710 maintain sustainable solvency, because, again, a key thing
711 is, as I am sure you all know, Social Security, unlike much
712 of the rest of the government, does not have the ability to
713 borrow. So we have to keep those trust funds strong and keep
714 them positive.

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

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717

718 *Mr. Goss. And I wish I had more time, but --

719 *Chairman Larson. Thank you, Mr. Goss.

720 *Mr. Goss. Sorry.

721 *Chairman Larson. We will give you more time in the
722 questioning.

723 Ms. Altman?

724

725 STATEMENT OF NANCY J. ALTMAN, PRESIDENT, SOCIAL SECURITY
726 WORKS

727

728 *Ms. Altman. Chairman Larson, Ranking Member Reed, and
729 members of the subcommittee, the Social Security 2100 Act
730 currently has no Republican cosponsors. But the voice of the
731 people tells us that it is fully bipartisan. Poll after poll
732 shows that an overwhelming majority of Republicans support
733 expanding, not cutting, Social Security.

734 Just a few weeks ago the Pew Research Center released a
735 poll that found that 68 percent of Republicans and those
736 leaning Republican believe that Congress should make no cuts
737 to Social Security whatsoever. Another poll conducted
738 shortly before the midterms found that 55 percent of
739 Republicans would be more likely to vote for a candidate who
740 supported expanding Social Security.

741 As I explain in detail in my written statement, an
742 expanded Social Security is fully affordable. As I also
743 explain, expanding Social Security would strengthen the
744 economy.

745 An AARP report found that every dollar of Social
746 Security benefits generates \$2 in economic output. In 2012
747 alone, Social Security benefits generated over 9.2 million
748 jobs, created around \$1.4 trillion in economic growth, and
749 accounted for over \$222 billion in tax revenues.

750 In my written statement I include a chart showing, for
751 each of your congressional districts, the number of Social
752 Security beneficiaries and the monthly benefit amounts that
753 flowed to each of your districts in December 2017.

754 So how should Social Security be expanded? In light of
755 the nation's looming retirement income crisis, benefits
756 should be increased for all current and future beneficiaries.
757 The Social Security 2100 Act does that, but I don't believe
758 the increase is large enough. Social Security benefits
759 should be made fully adequate, doubled or even more, for
760 America's working families.

761 In addition to across-the-board increases, there should
762 be targeted increases. The Larson bill increases the special
763 minimum benefit. Representative Sanchez's POWR Act should be
764 enacted. I discuss in my written statement a number of other
765 important targeted increases.

766 So how should these expansions and Social Security's
767 projected shortfall be paid for? By law, Social Security
768 cannot add a penny to the deficit. It can only pay benefits
769 if it has sufficient revenue to cover the cost. It has three
770 dedicated sources of income: insurance contributions,
771 investment earnings, and dedicated revenue from the taxation
772 of Social Security benefits. Only that third source is
773 progressive. It accounted for just 3.8 percent of Social
774 Security's total revenue in all of 2017.

775 Additional progressive revenue should be dedicated. The
776 last few decades have seen rising income and wealth
777 inequality. That inequality is a major contributor to Social
778 Security's projected shortfall, as I explain in detail in my
779 statement.

780 There is bipartisan support for increasing Social
781 Security's revenue. A National Academy of Social Insurance
782 survey found that 69 percent of Republicans, 76 percent of
783 independents, and 84 percent of Democrats supported
784 "increasing Social Security taxes paid by working Americans."
785 Each of those already very high percentages increased when
786 the question was whether top earners should pay more.

787 While I believe Congress should increase Social Security
788 substantially, and pay for it with additional progressive
789 revenue, I recognize that the Social Security 2100 Act is
790 sound, thoughtful legislation. It is a consensus proposal:
791 progressives like the benefit increases, conservatives, its
792 tax cut and its provision requiring everyone to pay more.

793 My colleagues and I look forward to participating as
794 this important legislation is considered through regular
795 order and voted on by this committee and the entire House of
796 Representatives.

797 Thank you.

798

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

800 *Chairman Larson. Thank you, Nancy.

801 Ms. Duppler, you may respond.

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825 STATEMENT OF MATTIE DUPPLER, SENIOR FELLOW FOR FISCAL POLICY,
826 NATIONAL TAXPAYERS UNION

827

828 *Ms. Duppler. Good morning. Thank you, Chairman Larson
829 and Ranking Member Reed, for the invitation to join you here
830 today.

831 I want to applaud the entire committee for the important
832 work that is being done on the policy question before us
833 today, and that is protecting Social Security.

834 As was mentioned before, my name is Mattie Duppler. I am
835 the senior fellow for fiscal policy at the National Taxpayers
836 Union. And I want to spend some time today focusing my
837 remarks on a group that doesn't get much attention when we
838 are talking about Social Security, and that is young people.
839 Most of my remarks today will focus on Millennials, because
840 that is the generation for which we have data on their
841 working lives. But I would encourage the committee to
842 consider the impact on future generations of the American
843 workforce on some of the policies before us today.

844 For many Millennials who entered the workforce during
845 the recession, the recent economic expansion has been their
846 first opportunity to grow in their careers and build wealth.
847 However, the looming fiscal insecurity of federal spending,
848 coupled with proposals that would force this cohort to
849 shoulder new tax burdens, threatens to undermine any

850 progress.

851 2019 marks the first year where Millennials will
852 overtake Baby Boomers as the country's largest living
853 generation, making up a full quarter of the population. Data
854 shows that they differ from other generations in ways that
855 will be very significant for public policy.

856 For one, Millennials are more likely to start their own
857 business. In fact, a recent PwC survey said that over a
858 third of Millennials currently operate what is known as a
859 side hustle. That is in addition to their full-time job.
860 This means young people in the workforce today are both
861 employees and employers. This also means that increases in
862 the payroll tax fall heavily on this cohort.

863 The Social Security 2100 Act proposes increasing the
864 payroll tax to 2.4 percentage points, split between the
865 employer and the employee. A sole proprietor or somebody
866 operating a side hustle or operating their own business would
867 be responsible for both of these increased liabilities under
868 this plan, potentially increasing their payroll taxes in the
869 future by thousands of dollars.

870 For workers who are focusing on growing their careers
871 inside of an existing business, an increase in the payroll
872 tax further erodes opportunity for them. A 2.4 percent
873 increase in the payroll tax will result in an employer who
874 hires a college grad at the average starting salary of

875 \$50,000 facing an additional \$600 tax burden for that
876 employee, hiking the payroll tax cost for that employee to
877 \$3,700.

878 The dead weight loss of this income is another question,
879 entirely. Data on Millennials also show that they hold more
880 debt than cohorts in similar stages in previous generations.
881 You, of course, heard from the ranking member about student
882 debt. That is a primary focus for this generation. But they
883 generally lack the same rate of asset and wealth
884 accumulation. An increase in payroll taxes exacerbates the
885 divide, this divide, by depriving young workers of the means
886 to save and grow their own wealth.

887 On the subject of saving, the noble and necessary goal
888 of providing a social safety net for all Americans,
889 particularly in retirement, is very important. But the
890 demographic demands now placed on Social Security require
891 embracing a more holistic approach to retirement security.
892 The beneficiary-to-payer ratio has changed so drastically
893 since the program's inception that Congress must work to
894 strengthen and secure Social Security without simply shifting
895 its growing costs and liabilities to future generations.

896 This requires improving the financial literacy of
897 younger generations to prepare them to save for their
898 futures. Congress itself has acknowledged the importance of
899 expanding opportunities and vehicles for savings outside of

900 Social Security. From the creation of 401(k)s and IRAs, the
901 bipartisan passage last year in this body of the Family
902 Savings Act, the importance of expanding savings
903 opportunities is clear.

904 Conventional financial wisdom dictates that the best
905 time to start saving is today. This is because each day that
906 passes is a missed opportunity to grow wealth and to accrue
907 interest along the way. As such, confiscating a larger share
908 of the burgeoning incomes of younger workers robs them of the
909 resources to begin their own savings journey. This disparity
910 will widen with each year that passes without reforms to
911 Social Security, and be exacerbated by reforms that expand
912 that tax burden on young workers.

913 Lastly, I would urge members to consider the
914 consequences to economic mobility. Increasing the marginal
915 cost of an employee ultimately represents an additional
916 barrier to wage increases. Both CBO and the Social Security
917 actuaries expect employers to cut salaries in response to an
918 additional payroll tax levied on high-income earnings. What
919 is more, the income exemptions in this bill are not indexed
920 to inflation, meaning they eat up a larger share of employee
921 income over time. This will further erode young people's
922 earning opportunities as they move up the income ladder.

923 The workforce today looks different than the workforce
924 of different generations. This is a feature and not a flaw

925 of the American system. As our economy evolves, however, so
926 too must our public policy, and I thank the committee for its
927 commitment to preserving Social Security for the future
928 generations, and appreciate the opportunity to share my
929 thoughts here today. Thank you.

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

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933 *Chairman Larson. Thank you, Ms. Duppler.

934 Mr. Castle, please respond.

935

936 STATEMENT OF SHAUN CASTLE, DEPUTY EXECUTIVE DIRECTOR,
937 PARALYZED VETERANS OF AMERICA

938

939 *Mr. Castle. Chairman Larson, Ranking Member Reed, and
940 members of the subcommittee, I want to thank you for the
941 invitation to testify today on behalf of the Paralyzed
942 Veterans of America on the importance of Social Security to
943 millions of veterans like myself, and to express our views on
944 ways to preserve and strengthen this valuable program.

945 Social Security is a vital social insurance program that
946 Americans have paid into to fund retirement, disability, and
947 survivor benefits earned through their work life. Over nine
948 million veterans receive Social Security benefits, either
949 retirement or disability. Veterans account for 18 percent of
950 all adult beneficiaries and veterans and their families
951 comprise 35 percent of the Social Security recipient
952 population.

953 For the broad population of veterans with disabilities,
954 it is Social Security that offers a more comprehensive system
955 of supports, not only for veterans themselves, but their
956 spouses, dependents, and survivors.

957 Due to their catastrophic disabilities, most of PVA's
958 members would likely be eligible for Social Security
959 disability insurance. For those who have non-service-
960 connected disabilities, SSDI may be their only source of

961 financial assistance if they are unable to work.

962 My own story begins in 2003 with a training accident
963 while I was in the Army that damaged my spinal cord. Two
964 unsuccessful surgeries over the course of several years left
965 me with permanent spinal cord injury. By the time I was
966 granted SSDI in 2009, I was not working because of my
967 injuries. I had run out of my sick leave. My only income
968 was \$700 a month compensation from the VA. I was less than a
969 month away from being homeless, running out of food, and
970 dealing with the physical, psychological, and emotional
971 ramifications of two failed surgeries, permanent disability,
972 and the loss of my livelihood.

973 Being granted SSDI enabled me to finally get into an
974 accessible home and to start to put my life back together.
975 Having Social Security and the Medicare coverage that came
976 with it gave me the financial and medical benefit security to
977 recover from losing my career twice in a five-year span. And
978 Social Security's work incentives supplied me the assurance
979 for me to pursue a new life and new opportunities.

980 I returned to school in 2014. Then, in November 2017 I
981 accepted my current position at PVA. And now I am past my
982 trial work period and fully off of SSDI benefits.

983 I really have SSDI to thank for being there when I
984 needed it the most, and the role it played in helping me get
985 to where I am today.

986 Once again, the confluence of concerns about the deficit
987 and Social Security's longevity have reached a point where it
988 is necessary that careful steps be taken to prevent rash
989 actions that could damage this essential American social
990 insurance system. Social Security did not cause, nor is it a
991 contributing factor to, the deficit. While we recognize the
992 need to address the modest shortfall that is projected to
993 arise in 2034, we believe it should be done with great care,
994 and without failing to deliver on this country's promise to
995 veterans and others who depend on Social Security benefits.

996 PVA has supported many efforts over the years to protect
997 and strengthen Social Security. As Congress looks to reform
998 Social Security I want to thank you, Mr. Chairman, for
999 introducing the Social Security 2100 Act. In particular, PVA
1000 applauds the provisions in this bill that would establish a
1001 more realistic cost of living adjustment for beneficiaries,
1002 strengthen protections for low-income workers and for all
1003 recipients, cut taxes on benefits for nearly 12 million
1004 beneficiaries, and make long-overdue adjustments in the
1005 financing mechanisms for the system.

1006 We also appreciate your effort to recognize that Social
1007 Security's disability, retirement, and survivor protections
1008 are all part of one, unified system by eliminating the
1009 artificial separation of trust funds.

1010 PVA also applauds the fact that Social Security

1011 actuaries have determined that this bill will ensure the
1012 long-term solvency of the trust funds, making sure it will
1013 remain strong for future generations. This legislation
1014 demonstrates that preserving and strengthening Social
1015 Security can be done without causing harm to beneficiaries,
1016 many of whom rely heavily on its programs for their economic
1017 security.

1018 As my testimony illustrates, Social Security is much
1019 more than a retirement program. Even as policymakers are
1020 preoccupied with the long-term health of the Social Security
1021 program, they must not overlook Social Security's role as the
1022 sustaining foundation for millions of people with
1023 disabilities. I was fortunate to be able to return to work.
1024 For others with spinal cord injury -- or any other
1025 significant disability, for that matter -- they may not be
1026 able to pursue full-time, traditional employment. That is
1027 why it is so important that any changes to Social Security
1028 take into account the impact on all beneficiaries.

1029 Thank you, Chairman Larson, Ranking Member Reed, and
1030 members of the subcommittee for your attention this morning.
1031 PVA stands ready to work with you and your colleagues in
1032 fashioning legislation that extends and enhances Social
1033 Security, the crown jewel of our nation's safety net.

1034

1035 [\[The statement of Mr. Castle follows:\]](#)

1036 *Chairman Larson. Thank you, Mr. Castle.

1037 Mr. Richtman, will you respond?

1038

1039 STATEMENT OF MAX RICHTMAN, PRESIDENT AND CEO, NATIONAL
1040 COMMITTEE TO PRESERVE SOCIAL SECURITY AND MEDICARE

1041

1042 *Mr. Richtman. Chairman Larson, Ranking Member Reed,
1043 and subcommittee members, thank you for holding this hearing
1044 and inviting me to testify. While there are additional bills
1045 we do support that also improve benefits and extend solvency
1046 -- Nancy Altman mentioned a couple of those -- my testimony
1047 today will focus on the Social Security 2100 Act.

1048 For the last 84 years Social Security has been an
1049 overwhelmingly successful program, which continues to be
1050 essential to the retirement security of most Americans,
1051 including our own Nettie Hales, a resident of Washington,
1052 D.C.

1053 Nettie is in the audience today, joined by other members
1054 of our National Committee Capital Action Team. They like to
1055 be called CATs. That is the acronym. You can't miss their
1056 yellow tee shirts. So I didn't realize, Chairman Larson,
1057 that today was Frances Perkins's birthday. Today is also
1058 Nettie's birthday.

1059 Nettie, raise your hand.

1060 [Laughter.]

1061 *Mr. Richtman. She is 91 years old today.

1062 [Applause.]

1063 *Mr. Richtman. Thank you for being here, Nettie, and to

1064 all of our CATs.

1065 After raising four children and working in real estate,
1066 Nettie claimed Social Security benefits at age 65 in 1993.
1067 Her husband, Edward, a Baptist pastor who helped organize
1068 Martin Luther King's march on Washington, passed away in
1069 2006. In addition to her own Social Security benefits,
1070 Nettie began receiving a survivor benefit after Edward's
1071 passing. Today Nettie's main source of income is Social
1072 Security. She manages her money wisely to pay for medical
1073 expenses, upkeep on her home, property taxes. There is not a
1074 lot of room for many extras, except an occasional outing with
1075 her church group or a family dinner. Nettie is proud to stay
1076 within her means, but says it is tough to keep up, because of
1077 the high cost of living.

1078 So that is where Social Security 2100 Act can make a
1079 world of difference for Nettie and others like her. A two
1080 percent across-the-board increase equaling about \$300
1081 annually for the average retiree, a fair cost of living
1082 index, would give Nettie a modest boost to her monthly Social
1083 Security income. And as Nettie is spending her money, as has
1084 been pointed out earlier in the hearing, it goes into the
1085 local economy, helping strengthen local businesses and their
1086 economy in that location.

1087 Chairman Larson's bill also gives Nettie reassurance
1088 about the future for her two adult children, six

1089 grandchildren, one great-grandchild, since the Social
1090 Security 2100 Act would extend solvency until the end of this
1091 century. So they too could have income protection in
1092 retirement, disability, or death.

1093 Nettie and other national committee members from across
1094 the country aren't the only ones who support proposals like
1095 the Social Security 2100 Act. Celinda Lake, a leading
1096 national pollster, says that polling results over 70 percent
1097 are considered "home runs." If that is the case, Chairman
1098 Larson's bill gets grand slams. In a 2017 poll conducted by
1099 Ms. Lake for the national committee, 79 percent of
1100 respondents supported paying for an increase in benefits by
1101 having affluent Americans pay the same rate into Social
1102 Security as everyone else does.

1103 In 2014 a National Academy of Social Insurance poll
1104 found that 77 percent of Americans agreed that it is critical
1105 to preserve Social Security for future generations, even if
1106 it means increasing Social Security taxes paid by working
1107 Americans. In fact, the NASI poll found that 7 in 10
1108 respondents across generations and income levels supported a
1109 package of proposals nearly identical to Chairman Larson's
1110 bill.

1111 Given these results, H.R. 860 represents a consensus, I
1112 believe, of an overwhelming majority of Americans, including
1113 Nettie, including our CATs, to improve Social Security

1114 benefits and to place Social Security on solid financial
1115 footing for the next 75 years and beyond. It strikes the
1116 right balance, we believe, between the overall financial
1117 needs of the program and specific needs of current and future
1118 beneficiaries.

1119 Mr. Chairman, the National Committee proudly endorses
1120 H.R. 860 and we look forward to working with you, members of
1121 this subcommittee, and the Congress to enact this common-
1122 sense legislation. Thank you for the chance to participate.

1123 [\[The statement of Mr. Richtman follows:\]](#)

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1126 *Chairman Larson. Thank you, Mr. Richtman, and thank
1127 you to all the panelists. And I want to announce to the
1128 committee members here that we will have -- four votes will
1129 be called around 10:15. That should allow us to get through
1130 all the subcommittee members with everyone sticking to five
1131 minutes. And hopefully, we will have some time left over for
1132 the two non-subcommittee members that have joined us here
1133 today.

1134 Let me start by saying, Mr. Castle, first of all, thank
1135 you for expanding on something that is often forgotten about
1136 Social Security with respect to what it means in terms of
1137 disabilities and what it means in terms of dependent and
1138 espousal coverage, as well. There is nowhere in the private
1139 sector that you can purchase -- as a former insurance person
1140 myself, you can't go out and purchase that. It is the full
1141 faith and credit of the United States Government that allows
1142 us -- and Nettie, happy birthday, but, as Mr. Neal, our
1143 chairman of the committee of the whole often says, you can
1144 outlive an annuity, but you can't outlive Social Security,
1145 because it is the full faith and credit of the United States
1146 Government.

1147 Mr. Castle, what would it mean to you and other veterans
1148 for this proposed legislation to become law?

1149 *Mr. Castle. Well, Chairman Larson, thank you for that
1150 question. For myself, personally, I am at the prime time for

1151 when it comes from my earnings from my lifetime. I was
1152 fortunate enough to be able to go back to work and start
1153 paying back into the system.

1154 To know for myself, personally, that the next 20 and
1155 hopefully 30 years or longer that I work, that when I retire
1156 I don't have to worry, as you mentioned, about going and
1157 finding a private policy that would actually insure someone
1158 with a disability. Something like that doesn't exist. I am
1159 someone who can tell you right now I have tried to get
1160 private life insurance policies, I have tried to get private
1161 health care. I have done everything possible. They will not
1162 insure someone with a spinal cord injury, even a veteran.

1163 So to know that when I do retire again -- hopefully I
1164 can get to that age, where I can retire again - Social
1165 Security will be there for me, that that will be there for
1166 other veterans and other people with disabilities. It is
1167 invaluable security for us to be able to live our lives.
1168 That is something that cannot -- peace of mind, they always
1169 say, you can't put a price on. But this you can, in the
1170 sense that it does give us the peace of mind that when we do
1171 retire or need those benefits, they are there for us.

1172 *Chairman Larson. Thank you, Mr. Castle.

1173 Ms. Stone, how -- you mentioned a number of the
1174 anecdotes. How were their lives -- you know, how would
1175 Rose's life -- how would people's lives be better if this

1176 Social Security Act were -- if Social Security were expanded?

1177 *Ms. Stone. Thank you. So I wish everybody could meet
1178 Rose. She is living on her Social Security, as are other
1179 people I talk about in my written testimony: Josephine, who
1180 is 92, and is living on \$1,100. But they are not living
1181 well. They are scrimping and saving everything that they do.
1182 They live in that gap between poverty and economic security.

1183 So any increase in benefits, obviously, makes their
1184 lives better. And by better I mean it allows them to maybe
1185 turn the thermostat up a degree or two. It lets them make
1186 choices between, you know, fresh fruit or non-fresh fruit.

1187 When I told Rose that I was coming here today I asked
1188 her, "Is there anything you would like me to tell them?"

1189 And she said, "Please don't take our Social Security
1190 away." So economic security is not just about the numbers,
1191 it is that feeling of security. And even at 100 she is not
1192 so secure that her money is going to be there. So I think it
1193 would help.

1194 *Chairman Larson. In 2034, Mr. Goss, if we do nothing,
1195 what happens to Social Security recipients like Nettie and
1196 other people?

1197 *Mr. Goss. I will tell you precisely what would happen.
1198 What we do know for sure is that at that point in time the
1199 continuing tax revenue coming in would cover only 79 percent
1200 of the cost of what is in the law now, the full scheduled

1201 benefits. So a decision would have to be made at that time
1202 what exactly to do. Would every beneficiary get a 21 percent
1203 cut? Or would we handle it in some other way?

1204 But what you should expect is that we would have on the
1205 order of a 21 percent reduction in what people are getting
1206 from one month to the next.

1207 *Chairman Larson. A 21 percent reduction.

1208 Ms. Altman, I was -- I am a student of body language,
1209 and I was watching the discussion as Ms. Duppler was talking
1210 about the generational strain, et cetera, between Millennials
1211 and also, like, I guess, Baby Boomers, of which 10,000 a day
1212 become eligible for Social Security.

1213 How would you respond to Ms. Duppler and her comments?

1214 *Ms. Altman. In several ways. Thank you for that
1215 question.

1216 First of all, Millennials are protected today in the
1217 event of disability or death, leaving dependents. So they
1218 are benefitting from Social Security right now. On top of
1219 that, our polling shows that the younger you are, the less
1220 confident you are that Social Security will be there when you
1221 retire. But if you ask the follow-up question, "Well, then
1222 do you think benefits should be cut," they say no. They do
1223 not want to see benefits cut. They have parents,
1224 grandparents who are dependent on Social Security.

1225 So there is not an inter-generational divide that we

1226 see. Families are better off, children are better off if
1227 their grandparents are secure. Grandparents are better off
1228 if their children are educated without coming out of school
1229 with burdensome debt. We are a wealthy-enough country that we
1230 can take care of both insuring retirement security and
1231 economic security for working Americans.

1232 *Chairman Larson. Because of time let me yield to my
1233 good friend, Tom Reed, for his questions.

1234 *Mr. Reed. Well, thank you very much, Chairman, for
1235 this. And I do appreciate the chairman's commitment to
1236 regular order, because this allows us to have this
1237 conversation that we need to have on this mission to protect
1238 and secure Social Security.

1239 So first I echo the happy birthday wish to Nettie. God
1240 bless you. And I wish you a 100 more on top of the 99. So
1241 we will work towards that.

1242 And to Ms. Stone, please tell Rose we are going to work
1243 together to protect Social Security and her benefits, as well
1244 as the future benefits that are coming, because Rose is just
1245 another -- in my mind -- vision of my mom, Betty. It is the
1246 same, exact story that we all know, and we are committed to
1247 doing.

1248 But as we go into this conversation, I want to make sure
1249 that we go into it eyes wide open. And that is why I was so
1250 pleased to invite Ms. Duppler here as a representative of a

1251 voice that needs to be heard in this mission to protect
1252 Social Security, because she represents the future. She
1253 represents those Millennials that are going to be on -- are
1254 going to be in a position to have to burden some of these
1255 hard choices that we are going to have to make here. And I
1256 just want to make sure we all go into this eyes wide open,
1257 and recognizing what these impacts are going to be.

1258 And so, what I wanted to use my time for is really to
1259 focus on that Millennial voice today, and to focus first --
1260 you heard Ms. Altman talk about how Millennials in her
1261 polling do not believe Social Security is going to be there
1262 for them. Is that something in your experience that you find
1263 is the truth?

1264 *Ms. Duppler. Excuse me. Thank you. I certainly think
1265 that that is the case. And that may be the pervasive wisdom
1266 for other generations, as well, which is why we have had such
1267 a robust savings culture emerge in the United States. That
1268 is why I think it is important to acknowledge that the burden
1269 that extra taxes place on generations today represent
1270 potentially a disenfranchisement of younger generations from
1271 that savings culture, because they don't have the resources
1272 or the means if their take-home pay is reduced in a way that
1273 doesn't allow them to save for their own futures.

1274 Ms. Stone earlier mentioned that Social Security is a
1275 part of both her retirement plan and for many of the people

1276 who she sees in Connecticut. I think that is true for most
1277 Americans, where Social Security is intended to be a part of
1278 a retirement journey and not the entire plan. That is
1279 certainly true when it comes to Millennials. Millennials, I
1280 think, have for a long time understood that Social Security
1281 and the financial liabilities under Social Security represent
1282 an opportunity for them to think about their futures
1283 holistically, rather than just as a one program that can take
1284 care of them.

1285 Now that means, though, of course, giving them the
1286 opportunity and the resources to save for their own
1287 retirement or for any other life circumstance.

1288 *Mr. Reed. So I appreciate that. And so in answering
1289 the question you said yes, that is true.

1290 So if Millennials do not believe Social Security is
1291 going to be there for them, and then we are talking about a
1292 tax increase on the proposal that my colleague has submitted
1293 on the payroll tax, what would that tax increase do to you,
1294 as a Millennial, in regards to your lifestyle, your impacts
1295 today?

1296 *Ms. Duppler. Well, the payroll tax for most workers is
1297 the highest tax that they pay. It is larger than their
1298 income tax liability, and that is true for American workers
1299 who are making anywhere from 0 to \$200,000. So that is
1300 something that we talk a lot about, the progressive income

1301 tax code. The payroll tax is regressive. It takes up a
1302 larger share of lower-income workers.

1303 *Mr. Reed. So if I could, so if we are asking
1304 Millennials to bear a higher tax increase in a program they
1305 don't believe is going to be with them, do you believe that
1306 is a fair burden to put on Millennials?

1307 *Ms. Duppler. I think that that demonstrates to
1308 Millennials the way that Washington does not represent their
1309 interests, if that is the ask that is being made of them.

1310 *Mr. Reed. And so this is the issue that we have to
1311 bridge as we go through this conversation, because -- Mr.
1312 Goss, you are an actuarial. And, you know, in 1973 I was 2.
1313 So I respect the wisdom of -- as I was taught by my mom, to
1314 respect the wisdom that you offer us here today, as a
1315 statesman and a senior person who has dealt with Social
1316 Security for years.

1317 When we look at the tax increase that is being proposed,
1318 and say the average wage is about \$50,000, how big of a tax
1319 increase is that going to be on Ms. Duppler and her fellow
1320 Millennials?

1321 *Mr. Goss. Well, if you are making \$50,000, which is
1322 close to the average or median, an extra 2.4 percent on that
1323 would be what, on the order of about \$600 per year for the
1324 employee, and for the employer, each.

1325 *Mr. Reed. Times their work life, right?

1326 *Mr. Goss. And if their work life is for 35 years with
1327 this full tax-rate increase, that would add up to about
1328 \$21,000. But compare that remember, for you, as an
1329 individual, that is 1.2 percent more of your --

1330 *Mr. Reed. But as you heard about the side hustles and
1331 how this Millennial generation seems to be very
1332 entrepreneurial and creating their own businesses and that,
1333 that is shared by both.

1334 *Mr. Goss. If I may mention --

1335 *Mr. Reed. So -- yes.

1336 *Mr. Goss. One thing about the side hustles -- and I am
1337 sure this is not true of Ms. Duppler, but over half of all
1338 self-employment income in the United States is not reported
1339 for tax purposes and, therefore, is not going to be credited
1340 for Social Security benefits, either. So that is one little
1341 challenge that we have --

1342 *Mr. Reed. And just so we are clear, I think she was
1343 not referring to illegal schemes.

1344 [Laughter.]

1345 *Mr. Reed. These are side hustles that are fully
1346 reported to the IRS. And trust us, I hope you don't get
1347 audited now by --

1348 [Laughter.]

1349 *Mr. Reed. But with that being said, I just want to go
1350 into this eyes wide open, and put a magnitude of -- we are

1351 talking about a serious burden here, and we just got to have
1352 a conversation about it, which -- I appreciate the chairman's
1353 willingness to commit to this in an honest and open way.

1354 *Chairman Larson. Mr. Pascrell?

1355 *Mr. Pascrell. Yes. The last time, Mr. Chairman, that
1356 we had any movement on Social Security, interesting, is in
1357 1983. There is a lot of movement on issues in -- from 1983
1358 to 1986, 1987. As you know, we had real tax reform.

1359 Democrats and Republicans came together and they made a
1360 decision. Bill Bradley, Congressman Kemp from Buffalo --

1361 *Mr. Higgins. Part of my district.

1362 *Mr. Pascrell. Democrats and Republicans really sat
1363 down and worked out a good reform plan. They had hearings.
1364 And they had witnesses, a lot of witnesses to make
1365 comparisons in your mind. These are the facts.

1366 So it can be done, though. I mean there is no evil wall
1367 between Democrats and Republicans. It can be done. Under a
1368 Republican president, by the way. So it was done, no
1369 question about it. That is the last time that anything was
1370 done about tax reform or Social Security. So, you know, it
1371 is possible. We are educable. It is very possible.

1372 So I went back, Mr. Goss, to a letter that you wrote in
1373 2017. It is a great letter. And you have been a real
1374 advocate, and you have been objective. You know, maybe that
1375 is not so good in Washington, D.C., but that is my thoughts,

1376 my perception. And you wrote that, "Assuming enactment of
1377 the proposal'' -- meaning Mr. Larson's proposal -- this is
1378 April 5th, 2017 -- "we estimate that the combined Social
1379 Security trust fund would be fully solvent, able to pay all
1380 the schedule of benefits in full, on a timely basis,
1381 throughout the 75-year projection period under the
1382 intermediate assumptions of the 2016 trustee's report.'' And
1383 you go on to show why.

1384 I don't think you have changed your mind since. Have
1385 you?

1386 *Mr. Goss. No, our current projections --

1387 *Mr. Pascrell. Thank you.

1388 *Mr. Goss. -- are much the same.

1389 *Mr. Pascrell. You haven't changed your mind. That is
1390 good. So I just have some comments to make.

1391 And, by the way, I want to ask Mr. Richtman. Did you
1392 agree with the assessment of Ms. Duppler in responding to the
1393 question about the payroll tax and its potential in paying
1394 for the revenue needed to sustain Social Security for 75
1395 years? Do you agree with that assessment of the -- you know,
1396 none of us like any taxes, but we got to pay for things.

1397 Put your mike on, please.

1398 *Mr. Richtman. I think there is a little confusion --
1399 sorry, there is a little confusion about how that works,
1400 because this is stretched out over 20 years. This is not an

1401 increase of that percentage in one year.

1402 So the impact of it is going to be staggered over a long
1403 period of time. I think it is 22 or 23 years.

1404 *Chairman Larson. Twenty-four.

1405 *Mr. Richtman. Twenty-four years. So even better. So
1406 we are not going to go from an -- a payroll tax of 6.2 to 7.2
1407 on each side in 1 year. I think that should be clear.

1408 The other thing I wanted to, if I could, respond to the
1409 Millennial issue because I think Congressman Reed raises a
1410 very good point. The reason I think -- and I hear about it,
1411 about this, from younger people at town hall meetings all the
1412 time -- the reason young people, younger people, don't feel
1413 Social Security will be there in the future is they have been
1414 bombarded by negative messages for years. The program is
1415 broke. It is not broke. The only way the program could be
1416 broke is if we had 100 percent unemployment and no money came
1417 in. It is not bankrupt. There is a shortfall, it needs to
1418 be fixed. The chairman's proposal fixes it.

1419 So it is no surprise that younger people are
1420 disillusioned when they hear it -- when they hear the program
1421 is broke, there is no money there, it has been stolen, all of
1422 that.

1423 *Mr. Pascrell. I just wanted to conclude with this.
1424 Thank you, Mr. Richtman. You know, this fantasy -- and I
1425 must say even to my beloved chairman -- about where the

1426 President of the United States stands, and why the hell did
1427 he cut -- proposed \$64 billion in cuts to the SSI if he is so
1428 committed to protecting Social Security? So there is a
1429 bumper sticker mentality and there is reality.

1430 I yield back.

1431 *Chairman Larson. Thank you, Mr. Pascrell. Mr. Estes
1432 is recognized.

1433 *Mr. Estes. Well, thank you, Mr. Chairman. And thank
1434 you to all our witnesses today.

1435 You know, following some of the work that the Ways and
1436 Means Committee has done over the last two years to jumpstart
1437 the economy, we look at more people that are out working, and
1438 now we have got some work to do to help prepare for their
1439 retirement after all of those careers are over.

1440 And, you know, a big piece of that is making sure that
1441 we protect Social Security for current and future workers.
1442 You know, one of the things my mom tells me to do is to make
1443 sure I protect Social Security for her, but also make sure I
1444 protect it and preserve it for her grandkids, my kids. And
1445 so that is a mission that we have got to keep up as we go
1446 through and look at how we make this insurance program work
1447 for all of America.

1448 At this moment, if we don't do nothing, as Mr. Goss
1449 pointed out, the Social Security trust fund for retirement is
1450 going to be 21 percent short. And people will basically get

1451 \$.79 on the dollar, starting in year 2034. And so,
1452 obviously, that is something we have got to act on now, and
1453 move forward.

1454 I believe it is an issue that Republicans and Democrats
1455 can and should work together on to make sure it happens, and
1456 make sure that we do that protecting and preserving Social
1457 Security for all Americans.

1458 However, we want to make sure that that -- the solution
1459 doesn't cause some devastating tax increases that end up
1460 slowing down our economy, which has some unintended
1461 consequences of reducing the amount of money that goes into
1462 the trust fund, and making sure that then we create
1463 unintended problems moving forward.

1464 And you know, the plan H.R. 2100, does that because it
1465 talks about increasing taxes, which will unfairly hurt
1466 Millennials and make it harder for small businesses to start
1467 up, to give employees their raises, and help expand that
1468 business.

1469 So instead of those tax increases, we need to look at
1470 how do we make sure the benefits get to those people who most
1471 need them, how do we make sure that it rewards work, and how
1472 do we make sure that we modernize the program?

1473 I served as Kansas state treasurer before I came here,
1474 and I know firsthand the importance of retirement security.
1475 When I was treasurer we had to take some serious look at our

1476 Kansas public employee pension system. When I came into
1477 office we were the second worst plan in the country, in terms
1478 of being underfunded. And we had to make some tough
1479 decisions about how to get that plan turned around and move
1480 that forward. And I think some great work has been done, we
1481 are making some progress there. We want to make sure that
1482 that same kind of leadership and action now is done to help
1483 protect and preserve Social Security.

1484 We know that Social Security doesn't treat all workers
1485 fairly. We see that particularly if we look at, like, one
1486 wage earner versus two wage-earner families, which, by
1487 extension, hurts working women.

1488 And Mr. Goss, your office regularly publishes
1489 information on rates of return under Social Security for
1490 different classes of workers, and your work shows that the
1491 rate of concern [sic] is consistently different for one-
1492 earner households versus two-earner households. Can you
1493 briefly describe some of the factors that lead to that
1494 discrepancy?

1495 *Mr. Goss. Absolutely, thank you. And really,
1496 fundamentally, the nature of Social Security is not intended
1497 to be exactly the same equity for everybody. It does have
1498 built in certain features. Like the benefit formula itself
1499 gives a higher replacement rate for people at lower earnings
1500 levels than for people at higher earnings levels.

1501 Similarly, by family structure, as you are describing,
1502 if we have a couple that is a one earner couple, it is well
1503 understood that if we have people retiring, it costs more for
1504 two people to live at a given level than it does for one. So
1505 that is part of the social adequacy component of Social
1506 Security, to have extra -- we call them auxiliary benefits
1507 for a spouse, especially if they are not insured in their own
1508 right. And in some cases, for child beneficiaries, too.

1509 So it is true that if you have a couple where both are
1510 working, they will not get as much back per dollar that they
1511 put in, but that is part of the redistribution that occurs
1512 within the program. And that could be changed by a change in
1513 law.

1514 *Mr. Estes. Thank you.

1515 Okay, Ms. Duppler, Social Security benefit doesn't
1516 reflect necessarily the modern economy, particularly where
1517 working women, and particularly ones that want to be
1518 entrepreneurs. How can we talk about how do we help those
1519 working women, particularly entrepreneurs that end up having
1520 to pay both the employer and employee share?

1521 *Ms. Duppler. Well, for one, on the comment that was
1522 made previously about the payroll tax, a gradual increase in
1523 a regressive tax is still a regressive tax increase. So
1524 someone who is also earning less money or at a disadvantage
1525 when it comes to the formulas in the Social Security benefit,

1526 that will be exacerbated by an increase in the payroll tax,
1527 particularly for women, who, on average, spend 10 years out
1528 of the workforce as caretakers, either of children or other
1529 members of their family. That will only -- that divide will
1530 only be expanded by a reduction in their take-home pay via an
1531 increase in the payroll tax.

1532 *Mr. Estes. All right, thank you.

1533 And Mr. Chairman, I yield back.

1534 *Chairman Larson. Thank you. Thank you, Mr. Estes.
1535 And I would -- before I call on Mr. Higgins I would just like
1536 to point out for the record, as well that, again, there is a
1537 tendency to refer to this as a tax. And it is an insurance
1538 premium. And people know this, by the way, just so my
1539 colleagues are informed, because they look at their pay stub
1540 and it says FICA, Federal Insurance Contribution.

1541 Do you know of any other tax that, by the way, you
1542 receive a disability benefit, espousal benefit, dependant
1543 coverage, and a pension plan? And, oh, by the way, is there
1544 any place in the private sector where you could get that,
1545 whether you are an entrepreneur or not? Of course not.

1546 And with that, I yield the floor to Mr. Higgins for five
1547 minutes.

1548 *Mr. Higgins. Thank you, Mr. Chairman. And I would say
1549 that in Congressman John Larson there is not a stronger, more
1550 consistent leader in the protection and the strengthening of

1551 Social Security. So, Mr. Chairman, I think this is the
1552 fourth hearing that we have had. We appreciate your
1553 leadership on this issue, your persistence, and your
1554 compelling and elegant defense of a program that has become
1555 critical to the nation's elderly and to the nation's economy,
1556 as well.

1557 And it is no surprise that Mr. Larson has put together
1558 all of you. You are all leading figures in your own right in
1559 the fight to protect and strengthen Social Security.

1560 Max Richtman talked about the misperceptions that are
1561 out there about Social Security. And just to provide some
1562 context, the federal debt today -- primarily because tax cuts
1563 don't pay for themselves -- is \$21 trillion. We will have
1564 federal deficits over the next four years, consecutively, of
1565 \$1 trillion, annually, because tax cuts don't pay for
1566 themselves.

1567 The cost of American taxpayers on the national debt is
1568 \$1 billion every single day. By contrast, the 84-year-old
1569 history of Social Security -- or, as Mr. Larson has said, the
1570 Federal Insurance Contributions Act, workers contributed \$21
1571 trillion and paid out 18 trillion in benefits, leaving \$3
1572 trillion surplus. So I think the federal government side
1573 could learn a lot about managing its finances from Social
1574 Security.

1575 You know, President Trump -- then candidate Trump --

1576 said on May 7, 2015 at 11:38 a.m. that he was the first and
1577 only GOP candidate to state that there will be no cuts to
1578 Social Security, Medicare, and Medicaid. He repeated that as
1579 a candidate and then President 57 times, 57 times. We were
1580 given a budget that included a \$1.5 trillion cut to Medicaid.
1581 After a sleight of hand through a block grant -- nebulous
1582 concept -- that cut is actually \$777 billion because tax cuts
1583 don't pay for themselves.

1584 There is also a \$25 billion cut over 10 years in Social
1585 Security, including 10 billion in the Social Security
1586 disability program. And there is an \$845 billion cut in
1587 Medicare, because tax cuts don't pay for themselves.

1588 Infrastructure pays for itself, the Mueller Report paid
1589 for itself. It cost federal taxpayers \$25 billion -- million
1590 dollars, \$25 million, but it recovered \$48 million in asset
1591 forfeiture and also fines.

1592 So I think we are dealing here with a situation where,
1593 as it has been said, 52 million people receive Social
1594 Security benefits each year, 60 percent of whom that is --
1595 for whom that is a majority of their income. But they spend
1596 it. So they create nine million jobs because of the economic
1597 growth from the aggregate demand that is created by people
1598 that get Social Security benefits and spend it in the
1599 economy. You know, high demand/high growth.

1600 So, Mr. Richtman, I just want you -- give you an

1601 opportunity to elaborate, and then Ms. Altman, about, you
1602 know, this whole issue about the misperception about Social
1603 Security and what it is and what it isn't.

1604 Sir?

1605 *Mr. Richtman. Polls and surveys -- and I have heard
1606 from younger individuals who think they are more likely to
1607 see a UFO than to get a Social Security check, or to see
1608 Bigfoot than to get a Social Security check. And I think, as
1609 I said earlier, I think this is due to a steady drumbeat of
1610 misinformation about the program, that it is broke, there is
1611 no money there, the money was stolen.

1612 And the other point that is -- and while that is not
1613 true -- and I think the Chairman's bill would put a lot of
1614 that to rest, because it would show clearly the program is
1615 sound, will be there for everybody for the rest of the
1616 century.

1617 The other thing younger people, I think, do not fully
1618 appreciate, as the chairman said, this is insurance. I think
1619 about a third of Social Security benefits go to non-retired
1620 workers: spouses, survivors, millions of children. If you
1621 are -- I think this is still accurate -- a 27-year-old worker
1622 today with a spouse and 2 children, you have about half a
1623 million dollars in value of life and disability insurance,
1624 and you may not even know that unless something bad happens
1625 in the family and someone says, "You know, Social Security is

1626 there for you.''

1627 So it is there right now, and it will be there in the
1628 future. And the bill being talked about today will make that
1629 clearer than ever.

1630 *Chairman Larson. Thank you.

1631 Mr. Arrington is recognized.

1632 *Mr. Arrington. Thank you, Mr. Chairman. And I do
1633 thank you for your sincere efforts to solve a very
1634 challenging problem, but a very important program for all
1635 Americans. And I think we all agree with that, and I think
1636 we all agree that we won't get anywhere in this committee,
1637 and we won't get an outcome, whether -- no outcome will be
1638 ideal for either side, but we won't if we don't work
1639 together.

1640 Let me, though, talk about the Tax Cuts and Jobs Act,
1641 because that continues to come up at every hearing. And I
1642 guess we got -- we are reading from different newspapers, or
1643 we have different facts on the fact that the economy has
1644 finally grown after 10 years of stagnation. I mean we had no
1645 growth, no wage increase. And we have got millions of job
1646 opportunities.

1647 You know what Millennials need about as much as anything
1648 else? And you know, they would probably see Bigfoot before
1649 they would have seen a job, had we not had the Tax Cuts and
1650 Jobs Act. Because there wasn't much hope for a good quality

1651 of life for them, and opportunities to pursue their dreams in
1652 this country with the economy the way it was.

1653 Now, Republicans shouldn't take credit for that, any
1654 more than government should take credit for creating jobs.
1655 We just took the burden off of our job creators, and they did
1656 what they do best, and that is invest in their companies,
1657 expand, and create jobs. And we just get -- made them more
1658 competitive. And they did the work. But to suggest that tax
1659 cuts don't pay for themselves, I think 1 percent, 1 percent
1660 over the 10-year baseline, is \$3 trillion. It cost half of
1661 that for the tax cuts.

1662 Now, I am for paying for things. I agree, we should
1663 offset anything. And that -- I respect you, Mr. Chairman,
1664 for at least having an offset for what you want to do to
1665 expand benefits. I respect that. Now, I am opposed to it,
1666 in terms of raising taxes, because of everything Ms. Duppler
1667 was talking about, and the additional burden that it puts on
1668 -- now, ultimately, we are going to have to figure out a
1669 deal, but I am just telling you I am not for raising more
1670 taxes on the American people, on the American workers,
1671 because it hasn't worked.

1672 And by the way, the previous president doubled the debt,
1673 Mr. Higgins. I just -- I mean he doubled the debt. Now, I
1674 am not saying that Republicans, you know, we weren't the
1675 fiscal stalwarts that we claimed in my first term. I will

1676 admit that, too.

1677 But we should deal with facts and reality, and the
1678 reality is a loss of almost four percent of income for our
1679 future workers and the Millennials is significant. That is
1680 not just a cup of coffee. The cumulative effect is
1681 significant.

1682 Again, with all due respect, expound on that a little
1683 bit, Ms. Duppler. And I apologize, I had to step out. So if
1684 I am making you repeat yourself --

1685 *Ms. Duppler. No, that is all right. We got plenty to
1686 talk about here.

1687 So to your point about job growth and opportunity, we
1688 know that one of the reasons the Tax Cut and Jobs Act was so
1689 important was it removed some barriers for businesses,
1690 particularly small businesses, which generate the majority of
1691 the jobs in this country, to hire and to increase wages for
1692 their employees.

1693 Increases in the payroll tax, we know, have two effects.
1694 One is that employers will reduce high-income earners' wages
1695 as a result, to try and make up for the loss of income on the
1696 payroll tax side. And for lower-wage earners, they typically
1697 will take on more debt as their take-home pay decreases, and
1698 they don't have the resources to deal with the fixed costs in
1699 their household budgets.

1700 So we know the effect of that will be less opportunity.

1701 The quality and quantity of jobs supplied by small businesses
1702 will also be diminished, as well.

1703 *Mr. Arrington. Do you think that 22 trillion in debt
1704 that both Republicans and Democrats alike have contributed to
1705 is just a deferred tax on the Millennials and a future
1706 generation of taxpayers and workers?

1707 *Ms. Dupler. Absolutely, and it creates an unstable
1708 environment for young workers who are looking for stability
1709 in their working lives.

1710 *Mr. Arrington. To raise the age -- you know, we just
1711 passed, Mr. Chairman and Ranking Member, the SECURE Act. We
1712 increased the age for mandatory annual distributions from 70-
1713 1/2 to 72 for employer-sponsored plans, for folks with IRAs.
1714 We did that acknowledging that people are living longer as
1715 one factor. Why can't we just acknowledge that and recognize
1716 that and consider that in how we reform Social Security and
1717 make it more sustainable?

1718 I apologize for going over my time, Mr. Chairman. I
1719 yield back.

1720 *Chairman Larson. Thank you very much, Mr. Arrington.
1721 And I would just point out that we are dealing with a human
1722 infrastructure here, you know. And we hear many proposals
1723 and heard it for the last eight years about a D- rating with
1724 our physical infrastructure. And there were numerous
1725 proposals of good will and everybody was all in favor of it,

1726 but the roads are still crumbling because it takes money to
1727 fix them. And you cannot wish your way to solvency. We have
1728 to step up and do something about that.

1729 And I recognize Mr. Schneider.

1730 *Mr. Schneider. Thank you. And as my colleague said, I
1731 think it is important that we do get to common facts when we
1732 talk about common perspectives, and that is part of the
1733 importance of having discussions like this.

1734 I will point out that we just had our -- I am not sure
1735 whether it was our 101st or 100th consecutive month of job
1736 growth that predates this Administration. We have seen jobs
1737 growing for almost eight-and-a-half years. I think there is
1738 a difference. In 2009, that incoming administration
1739 inherited a financial crisis. In 2017 we have a growing
1740 economy.

1741 I speak of this as someone who -- I describe myself as
1742 fiscally responsible. We need to stop putting a burden on
1743 the next generation. We have a 21, \$22 trillion debt. It is
1744 growing at \$1 trillion a year. This has to be addressed, and
1745 I agree. And I think -- I hope that there is an opportunity
1746 to work towards this.

1747 And I want to thank the chairman and ranking member for
1748 having this committee. This is, I believe, our third hearing
1749 on Social Security -- fourth hearing on Social Security, and
1750 -- since the start of this Congress. This is an example of

1751 regular order, which in now my third term is -- I am excited
1752 to see us moving towards. It is crucial that we have this
1753 regular order to discuss proposals, to talk about the
1754 impacts, and to develop solutions. It is how this committee
1755 and Congress, as a whole, is supposed to function. And I am
1756 grateful that we are able to do this.

1757 Ms. Duppler, as you were talking about -- and others
1758 have talked about not expecting to collect anything in Social
1759 Security, I was thinking in 1973 I was 12; in 1983 I
1760 graduated college. Why is that relevant? Because in 1983,
1761 as I graduated college -- the assault on Social Security is
1762 not new. It existed back then. I didn't think I would ever
1763 collect a Social Security check. I didn't think that much
1764 about it, but at the time I made the decision to put as much
1765 money as I could into my 401(k) plan, and to do what I could
1766 to secure my own retirement.

1767 But over the last -- I won't count the number of years
1768 since 1983 -- but over those years I watched my grandmother
1769 live 20 years after the time I graduated college, dependent
1770 upon Social Security. It gave her the dignity and security
1771 in her final years to live with confidence. And as I have
1772 gotten older and my cousins have aged into Social Security,
1773 life doesn't work out as we might plan it when we are young.
1774 And many of them today depend on Social Security to make ends
1775 meet, to afford the things that they have to do.

1776 So I am grateful that I was wrong in 1983, that the
1777 decisions made by Congress a generation ago in 1983 to give a
1778 longer-term stability to Social Security were made. And I am
1779 humbled that, here we are in 2019, and it is our
1780 responsibility to find a path to ensure that it stays there,
1781 because so many people do rely on it, and especially people
1782 of all ages, as, Mr. Castle, you touched on. We don't get to
1783 plan what happens to us in our life. But because of programs
1784 like Social Security, we have some safety nets that are in
1785 place.

1786 So that is -- I kind of got deflected of what I really
1787 wanted to talk about, which is the impact of Social Security
1788 on people who are trying to start a business. And, Mr.
1789 Richtman, I would like to turn to you.

1790 We have talked about this in previous hearings, of how
1791 the Social Security program is a platform that allows people
1792 to make decisions to venture out on their own. And in your
1793 opinion, the enhancements we are discussing today, what are
1794 the most important ones for small business owners, as we try
1795 to create an economy that small businesses is the engine --
1796 small businesses are the engine that grow and create the
1797 jobs?

1798 *Mr. Richtman. I think one of the enhancements that we
1799 find particularly important in this bill is the change in the
1800 formula for COLAs, cost of living adjustment. And I think it

1801 would affect Nettie, our CATs, millions of millions of
1802 beneficiaries, and would allow Social Security benefits to
1803 keep up with inflation, as it really impacts a -- an older
1804 person.

1805 The current formula is flawed. I know we have talked
1806 about this in the past. And this legislation corrects it. I
1807 think that would go a long way, along with increasing the
1808 minimum benefit. Those are two of, I think, aspects of the
1809 bill that are most critical.

1810 *Mr. Schneider. Great, thank you. And I see I am
1811 almost out of time, so I will yield back the remainder of my
1812 time.

1813 *Chairman Larson. Thank you.

1814 Mr. Ferguson?

1815 *Mr. Ferguson. Thank you, Mr. Larson, and thanks to
1816 each of you for being here. The -- one thing that I am
1817 awfully glad that I am hearing everyone say is how important
1818 it is that we save Social Security for current beneficiaries
1819 and those nearing retirement. I think it is the fact -- and,
1820 Mr. Chairman and Ranking Member Reed, I truly appreciate the
1821 fact that you all have the courage to bring this up, and for
1822 us to have these very difficult discussions.

1823 It is a challenging topic, and not because we disagree
1824 on the fact that we have got to do it, but obviously, the
1825 mechanisms that are there.

1826 Mr. Chairman, I will always take exception with you on
1827 one thing, and that is the description of taking money out of
1828 private individuals' pockets and putting it into the
1829 government and then coming back out and not being a tax. You
1830 call it an insurance premium, I will call it a tax.
1831 Respectfully, we will disagree with you on that. But call a
1832 squirrel a duck, it don't make it --

1833 *Chairman Larson. Respectfully, would you say that the
1834 benefits that they receive are -- what other tax do you know
1835 of that that happens when you get a disability policy,
1836 espousal benefits, and a pension plan, respectively?

1837 *Mr. Ferguson. I will -- yes, I will certainly reclaim
1838 my time. We can continue to carry -- to have that
1839 disagreement, and I do it respectfully, sir.

1840 But, you know, again, as I look through this, this is a
1841 monumental challenge that we are dealing with. And there is
1842 a genuine commitment on both sides of the aisle to work side
1843 by side to solve this problem.

1844 One of the things that is striking to me is that we are
1845 having a conversation right now about not only saving Social
1846 Security -- and can we all agree that that is the most
1847 important thing that we are talking about? But we are also
1848 having a conversation about expanding Social Security. And I
1849 think that is going to be -- you know, it is that old saying:
1850 How do you eat an elephant? It is one bite at a time.

1851 You know, how do you -- we have got step number one,
1852 which is to save and make meaningful changes to honor the
1853 commitments and keep the promises that have been made. And I
1854 see that as one conversation that has to be done.

1855 And then I think we can have a separate conversation
1856 about expanding benefits because, as we have all recognized
1857 and we have all heard, there are people -- our fellow
1858 Americans -- that really, quite candidly, are falling further
1859 behind. And I think we can have some unique conversations
1860 and honest conversations about how to take care of the most
1861 vulnerable in this country.

1862 But I think it is also -- I think it really muddies the
1863 water, and it makes the decisions tougher -- when you are
1864 trying to do both of these things at the same time. I could
1865 be wrong on that. I am fairly new up here. So maybe there
1866 is the bandwidth in all of this.

1867 But when you do it in the context of talking about
1868 making sure that people have affordable health care,
1869 affordable prescription drug pricing, access to better-paying
1870 jobs, doing everything that we can to improve upon education,
1871 make strategic public investments in infrastructure -- we do
1872 all of those kinds of things. And I believe one of the
1873 witnesses mentioned that we are a wealth-enough country to do
1874 a couple of these things. We can't do it all right off of
1875 the bat. We have got to have political patience and a longer

1876 time horizon.

1877 So one of the things that I think about on this is how
1878 do we do it, how do we do step one first. And that is make
1879 sure that the promises that have been made will be kept. And
1880 that is -- and I think that, from my standpoint, that is my
1881 primary focus right now, is honoring the commitments that
1882 have already been made.

1883 As we move forward on this conversation I do think it is
1884 fantastic that we have -- that we are not only considering
1885 those that are in retirement, but we are considering our
1886 children and grandchildren and future generations and
1887 Millennials right now.

1888 So Ms. Duppler, thank you so much for being here. Can
1889 you -- could you tell me, from your standpoint, okay, I am
1890 just curious. What are the -- do you have more conversations
1891 about work right now, or retirement? Do people want work, or
1892 do they want retirement right now? What is the focus? I
1893 mean how do we encourage work --

1894 *Ms. Duppler. Sure.

1895 *Mr. Ferguson. -- for a longer period of time?

1896 *Ms. Duppler. Well, I would have more conversations
1897 about work. I think that is probably an obvious answer for
1898 someone in my age cohort.

1899 But as you were talking, Congressman, I think that the
1900 question of how do we keep that promise that has been made,

1901 that commitment that has been made, and ensure, as well, that
1902 we are not back here in 50 years having the same conversation
1903 for the next backs of beneficiaries, goes back to my original
1904 point about making sure that we are not creating an
1905 environment now that decreases the wealth opportunities for
1906 workers at this day and age. Because inevitably, that means
1907 we will be in the same position 50 years from now, where we
1908 are talking about a retirement crisis. And this time it will
1909 be on the private side, because Americans won't have had the
1910 opportunity to save.

1911 *Chairman Larson. I thank you. And I just wanted --
1912 votes have been called, and it is -- Mr. Kildee is to be
1913 recognized. And then what I plan to do is to recognize the
1914 two non-members for two minutes a piece, and that will take
1915 us to about 10 minutes. And that way everyone will have had
1916 a chance to respond.

1917 Mr. Kildee?

1918 *Mr. Kildee. Thank you, Mr. Chairman. And I will
1919 attempt to be brief. And I know I only have five minutes,
1920 and you will enforce that.

1921 Let me just say a couple things real quick, and then I
1922 have a question.

1923 Social Security is the most successful social insurance
1924 program in the history of the planet, and we ought to start
1925 sort of with that understanding, and not continually, you

1926 know, sort of beat ourselves up for the fact that during the
1927 life of this program we have had to continually adjust it in
1928 order to accommodate big changes that have occurred in our
1929 society. Most of those big changes are changes that we
1930 really want to celebrate.

1931 I mean people are living longer in this country, and
1932 when Social Security was enacted the average recipient had
1933 been dead for two years before they could collect. I mean
1934 this is a big success, and we ought to celebrate that. And
1935 the fact that we are going to have to make these adjustments,
1936 as were made in 1983, is something we ought to celebrate.

1937 So if I could just maybe ask a couple questions, maybe
1938 Ms. Altman or Mr. Goss could address this.

1939 I can't remember the data, but I read at one point in
1940 time that the percentage of total aggregate earnings in 1983,
1941 when we went through this exercise, that were subject to
1942 Social Security taxation is significantly greater than the
1943 total aggregate earnings in this country that are subject to
1944 Social Security taxation now. Do you have that --

1945 *Ms. Altman. Yes.

1946 *Mr. Kildee. -- reference?

1947 *Ms. Altman. Yes. In fact, in 1982 I was Alan
1948 Greenspan's assistant on the bipartisan Social Security
1949 commission. It was the intention of Congress that the
1950 maximum wage base-- the cap-- that was indexed every year to

1951 average wages, nationwide-- it was the goal of Congress-- to
1952 make the maximum cap cover 90 percent of all wages,
1953 nationwide.

1954 What we did not anticipate back in 1982 was the income
1955 and wealth inequality we have experienced. And, as a result,
1956 that 90 percent now covers about 82 percent of wages
1957 nationwide. And that slippage from 90 percent to 82 percent
1958 may not sound like much, but it amounts to billions of
1959 dollars that Social Security did not get that stayed in
1960 people's pockets.

1961 *Mr. Kildee. It is a really important point, because as
1962 we consider how we make this promise work we have to keep in
1963 mind that one of the problems we have to overcome is the fact
1964 that so much more of the wealth that is being generated in
1965 this country is going to fewer and fewer people at the top of
1966 the economy, not all that dissimilar to what we faced in the
1967 couple of decades that preceded the enactment of Social
1968 Security.

1969 *Ms. Altman. Exactly.

1970 *Mr. Kildee. So we have to accommodate that.

1971 One other question, and then I will yield back. Maybe
1972 Mr. Richtman could point this out. I do understand that this
1973 is hard, and there is 1,000 reasons to be against a
1974 thoughtful proposal that our chairman has put forward. And
1975 we can pretend that there is going to be some path forward

1976 that doesn't require us to make tough decisions, but I don't
1977 think that is a good presumption for us to begin with.

1978 But I do want to take issue with one point, and that is
1979 while it is arguable that -- and I don't necessarily agree
1980 with this -- that any tax cut pays for itself and any tax
1981 increase has a negative impact on economic growth, I would
1982 take issue with that.

1983 And maybe, Mr. Richtman, you could point -- opine on
1984 this. Do Social Security beneficiaries put their Social
1985 Security earnings away for the future, or do they spend that
1986 money?

1987 [Laughter.]

1988 *Mr. Richtman. Absolutely not. They don't put it
1989 away. The money goes right back in the economy. I think we
1990 have heard there is a multiplier effect: for every dollar
1991 that is spent, there is a \$2 in impact on economic activity.

1992 You know, people are just getting by with their Social
1993 Security check. There isn't enough to put away. It is
1994 spent.

1995 *Mr. Kildee. So a relatively low percentage would be
1996 used for stock buy-backs, for example.

1997 [Laughter.]

1998 *Mr. Richtman. Yes, I wouldn't imagine there would be
1999 too many options to buy stock back, no.

2000 *Mr. Kildee. So the money goes into the economy. These

2001 beneficiaries are at a point in their lives, and are at a
2002 point or a place in the economy where it is really important
2003 that they use this resource.

2004 And so, if we were to increase the minimum benefit, that
2005 increase is going to go right back into the American economy
2006 and be -- have a stimulative effect on the economy. Is that
2007 correct?

2008 *Mr. Richtman. And I think that is such an important
2009 point to make to counter the discussion that has been taking
2010 place about what an impact the higher tax has on wage
2011 earners, and how it might impact the economy. This is a
2012 counter to that argument, I think, and it is an important
2013 thing to keep in mind.

2014 *Mr. Kildee. I appreciate that. And I thank you, and I
2015 yield back --

2016 *Mr. Reed. Would the gentleman yield just his last 10
2017 seconds to ask a question?

2018 Mr. Goss, that 90 percent percentile, what would be the
2019 average wage in today's dollars for that 90 percent
2020 percentile?

2021 *Mr. Goss. Oh, thank you very much. The one little
2022 clarification on that is back around 1982 it was about 90
2023 percent. By about the year 2000 we dropped down to about 83
2024 percent of covered earnings falling below the taxable
2025 maximum. It has been rather stable at that level since, and

2026 we are projecting it to continue.

2027 If we were to want to go back to having 90 percent, our
2028 taxable maximum -- now 132,900 -- it would have to be just a
2029 little bit more than doubled.

2030 *Chairman Larson. Mr. Rice is recognized for two
2031 minutes, and then we will conclude with Ms. Moore.

2032 *Mr. Rice. Thank you. Everybody on this panel agrees
2033 the promise we made with Social Security has got to be
2034 preserved, and I certainly recognize how -- what a
2035 fundamental program this is to our country, and how it has
2036 done so much to reduce poverty in old age. In fact, poverty
2037 in old age now is less than most demographic -- most ages in
2038 our country.

2039 But Ms. Stone, you talked about your friend, Rose, who
2040 is 90 years old and gets -- 100 years old and gets \$1,200 a
2041 month in Social Security and \$400 a month in a pension.
2042 Under Mr. Larson's proposal, she would get a two percent
2043 increase in her \$1,200. That would be a \$24-a-month
2044 increase.

2045 You also said she has got two sons. That is what your
2046 thing says, she has two children. So let's say one of those
2047 children is a plumber and he makes \$50,000 a year. Now,
2048 under Mr. Larson's tax increase, 2.4 percent, if he is a
2049 plumber, self-employed, he would pay \$1,200 more a year in
2050 payroll taxes. That means \$100 a month more coming out of

2051 his pocket.

2052 So if you told Rose, and said, "Rose, we are going to
2053 give you a 2 percent increase, \$24 a month, but your son is
2054 going to pay \$100 more a month," how do you think Rose would
2055 feel about that?

2056 *Ms. Stone. So I am not sure that Rose has sons, but I
2057 know she does have children, and one of them could very well
2058 be a plumber. So going on that premise, I can't speak for
2059 Rose. I do know that, for Rose's pocketbook, \$24 would make
2060 a world of difference.

2061 I know that Rose is also very careful that she does
2062 manage her own expenses, because she doesn't want to be a
2063 burden on her children. But I think -- you know, I can just
2064 speak to what \$24 would do in helping Rose.

2065 *Mr. Rice. Well, my point in saying this is we are
2066 where we are because we haven't recognized the demographic
2067 shift. I mean our -- people are living longer, and we -- and
2068 because of that we really haven't held enough back in Social
2069 Security. That is what we face.

2070 And what we are talking about is shifting the burden,
2071 because we didn't hold back enough in Social Security in
2072 prior years to this younger generation to make up the change.
2073 And I think if you put it to Rose in terms of how it affects
2074 her and her children, I would like to know her opinion.

2075 *Chairman Larson. I would like to know her son's

2076 opinion, also, what it would mean to Rose.

2077 But go ahead, Gwen, you are recognized.

2078 *Ms. Moore. Thank you so much. Thank you so much. I
2079 want to thank all of the witnesses. I just want to say, Miss
2080 Nettie, I want to be like you when I grow up.

2081 [Laughter.]

2082 *Ms. Moore. And I do want to follow up with where Mr.
2083 Rice was going with you, Ms. Stone. Because I do think that
2084 when elders live beyond the Social Security age -- Social
2085 Security didn't anticipate that the life expectancy -- that
2086 there would be a Rose, who would live to be over 100 years
2087 old.

2088 So I do have a proposal that is not included in the
2089 Larson bill that would provide benefits for older
2090 beneficiaries beginning the 16th year of eligibility. It
2091 would increase by one percent of the average retired benefit
2092 per year.

2093 So to your point, Mr. Rice, as you exit to vote, you
2094 know, Rose would see a five percent increase on top of that
2095 two percent increase that Mr. Larson would propose. So that
2096 would help Rose to not have to beg her son to come over and
2097 give some of that money to her.

2098 And I just want to say to Ms. Duppler, you know, I
2099 admire the Millennials. I got a couple of them now who are
2100 my grandchildren. You say a third of them are going to be

2101 entrepreneurs. There are still two-thirds of them left. And
2102 you are going to be elderly one day, too, and you are going
2103 to want your Social Security.

2104 I do recall my daughter, who is now 49, screaming when
2105 she got her first check at age 14, saying, "FICA took my
2106 money. Who is FICA, Mama? Come down here and tell them to
2107 give me my money back. I don't want FICA to have it.'" And
2108 she is real glad, at age 49, that that FICA is there.

2109 But that being said, another bill that I had that is not
2110 included in the Larson bill would extend eligibility for
2111 certain post-secondary students up to age 22. Very important
2112 for Millennials. You know, you just can't make it in this
2113 world, especially if you are going to be an entrepreneur,
2114 without some education and training beyond high school. And
2115 this would restore that very important benefit.

2116 And so I would just commend to you, Mr. Larson, to
2117 incorporate in your very fine bill these two provisions.

2118 And with that, I would yield back --

2119 *Chairman Larson. I thank the gentlelady.

2120 *Ms. Moore. -- the time that is expired.

2121 *Chairman Larson. I thank the gentlelady. And I
2122 especially want to thank all the panelists, as well, for your
2123 outstanding contribution that you have made today. And I
2124 appreciate your continued efforts in your respective
2125 positions in order to move the nation forward.

2126 And with that, the Subcommittee stands adjourned.
2127 [Whereupon, at 10:43 a.m., the Subcommittee was
2128 adjourned.]

2129 **Questions for the Record follow:**

2130 [Rep. Larson – Nancy J. Altman Question for the Record](#)

2131 [Rep. Larson – Shaun Castle Question for the Record](#)

2132 [Rep. Larson – Stephen C. Goss Question for the Record](#)

2133 **Submissions for the Record follow:**

2134 [Rep. Larson, Submission: GAO Report on Retirement Security](#)

2135 [Maria Pontones-Bonenfant, Statement](#)

2136 [Center for Fiscal Equity, Statement](#)

2137 [The Senior Citizens League, Statement](#)

2138

2139