

Community comment for July 30, 2014

this is Phil Arnott for community comment on K INS radio.

There was a recent article in the Wall Street Journal about Social Security and its sad state of affairs. The author of the article was William Galston who is a member of the journals editorial board. This article states clearly that Social Security for not only future generations but for those currently receiving benefits are clearly in danger of being cut or lost.

Mr. Golson states that because Social Security makes multi generational promises the congressional budget office says it calculates its financial condition over a 75 year period. He says that if we do nothing that all Social Security reserves will be exhausted by the year 2033. To close that gap while maintaining current benefits Congress needs to an act an immediate increase in the payroll tax rate from 12.4% to 15.9% on workers are earning \$50,000 a year. This would mean a tax increase for the employee of about \$900 a year and of course the same amount for the employer.

To avoid a similar problem, Congress in 1983 averted insolvency in the system by <sup>enacting</sup> ~~and acting~~ recommendations of the Greenspan commission which meant that about 90% of all earnings would fall under the taxable cap. Today only about 83% of total wages are subject to the payroll tax. Following the recommendations of the Greenspan commission it would require doubling the maximum earnings subject to the tax to \$241,000. According to this author, someone making that amount of money would be hit with a tax increase of \$7600 and employers for the same amount. However, even doing this would only reduce the imbalance by about 30%.

According to Mr. Gholston the American people do not want these increases but they still want their benefits. In a recent pew report, 61% of young adults between the ages of 18 to 29 were against social security cuts.

Congress does not want to do anything but by the end of the 2017 fiscal year Social Security's disability insurance fund will run out of money. Many Democrats in Congress want to put a patch on the problem by transferring funds to the disability program from the social security retirement trust fund postponing the disability crisis at the cost of <sup>burying</sup> ~~burying~~ forward the date when Social Security funds would be gone.

Sen. Orrin Hatch is working on the problem and has posed a series of questions to the congressional budget office about possible policy changes on the long-term solvency of Social Security. <sup>is questions go</sup> ~~to the numerous options that would mean more revenues for the system and no structural changes or cuts to benefits.~~ Let's hope that Sen. Hatch can get his fellow congressional leaders to join with him in making these changes.

I leave you with a point to ponder: don't you think that Congress should get its act together and make some constructive changes to the system so that future generations will have the benefits that they are paying into the Social Security fund.

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