

Opening Statement of Chairman Sheldon Whitehouse
Senate Committee on the Budget
“Protecting Social Security for All: Making the Wealthy Pay Their Fair Share”
July 12, 2023

Since the start of this Congress, my distinguished ranking member and many of the Republican members of this Committee have insisted we should focus only on rising debt and deficits.

Because of what they portend for debt and deficits, I have looked at the enormous costs and economic risks associated with climate change. These risks to our economy are deadly serious.

But we have also held hearings on common sense proposals to raise revenue from large corporations and wealthy individuals, who too often skate in our rigged system. Today I welcome a conversation with my Republican colleagues about how to protect Social Security, which according to CBO, along with Medicare, will make up more than half of spending growth over the next decade.

With Social Security and Medicare accounting for so much future spending growth, you cannot have a serious conversation about our nation’s fiscal situation if you only focus on non-defense discretionary spending, which represents less than 15% of total federal spending.

Without new revenue, Social Security will only cover 80% of its projected benefits by 2035. That’s only twelve years away. This hearing will therefore examine how to close that revenue gap to preserve the promise of Social Security for our kids and grandkids, working adults, and current retirees who will be alive in 2035. This is a promise we must not break.

Social Security is the bedrock of retirement security and the nation’s most effective anti-poverty program. It’s a lifeline for millions of seniors, their children, and people with disabilities. In February of this year, that lifeline reached 20% of the entire U.S. population.

And almost every senior in this country will receive payments from Social Security; benefits seniors have *earned* that let them retire in dignity.

One of my constituents, Robert of Pawtucket, said:

“I rely on my Social Security as my only source of income. I would find it impossible to continue to live independently if Social Security were changed, reduced or eliminated. Social Security benefits were a contract between the federal government and its citizens.”

Another Rhode Islander, Antonella of North Providence, said:

“I would be very sad and depressed if there were any cuts to Social Security. I just get by as it is.”

And Laurel of Pawtucket said that without Social Security, she “would have to go back to work and probably have to work until I die.”

For years, Republicans proposed slashing Social Security benefits, letting Wall Street gamble with seniors' retirement, or even sunseting Social Security altogether. Then, at the State of the Union, President Biden received a standing ovation from Republicans and Democrats alike when he proclaimed that cutting Social Security and Medicare was off the table. As he said that night, "We got unanimity!"

So this hearing proceeds under the premise that Republicans want to extend Social Security solvency, while standing by their commitment not to cut benefits. That of course leaves only one option – raising revenue.

Fortunately, there are win-win common sense solutions that would both extend Social Security solvency indefinitely without benefit cuts while also making our tax system fairer.

Right now, the cap on Social Security contributions means a tech exec making \$1 million effectively stops paying into the program at the end of February, while a schoolteacher making far less contributes through every single paycheck all year.

That's not fair, and my Medicare and Social Security Fair Share Act would fix that by requiring contributions to Social Security on wages above \$400,000.

Right now, people living off of income from their wealth make *no* Social Security contributions. That's not fair either, and my bill would also fix that. Those making more than \$400,000 in investment income would contribute just like those who are working.

And right now, some wealthy owners of pass-through businesses like hedge funds and private equity firms avoid paying Medicare taxes entirely on much of their income. My bill would close this loophole.

These reforms raise enough revenue to make Social Security solvent indefinitely, according to a new estimate from the Social Security Actuary, Mr. Steve Goss, who is with us here today. Further, my legislation would extend Medicare solvency by 20 years.

We can protect Social Security for all without cutting benefits. And we get to end unfair tax dodges that let those at the top play by a different set of rules than everyone else.

We could do even better and actually strengthen benefits. I'm an original cosponsor of Sen. Sanders' and Sen. Warren's *Social Security Expansion Act*, which would expand benefits by \$2,400 each year while fully funding the program indefinitely.

While I welcome the bipartisan commitment not to cut Social Security, it's not rock-solid. MAGA Speaker McCarthy wanted Social Security cuts during the debt ceiling negotiations and has pledged to explore them. The House Republican Study Committee released a plan to cut Social Security by \$718 billion over 10 years. The plan would also raise the retirement age to 69, which would effectively cut benefits by 13 percent *every year* and especially harm low-income workers.

Raise revenue or cut benefits. These are the only two options. If Republicans stand by their commitment not to cut benefits, they must safeguard Social Security solvency by raising revenue. There is no other way to honor our promise to older Americans to retire with dignity.