Representative Sam Johnson’s Social Security Plan: The Younger You Are, the Bigger the Cut

Representative Sam Johnson (R-TX03), powerful chairman of the Social Security Subcommittee of the House Ways and Means Committee, recently-introduced Social Security Reform Act of 2016 (H.R. 6489), which proposes deep cuts to Social Security while radically altering the nature of the program. In addition to threatening the benefits of current retirees, Representative Johnson’s plan greatly endangers the promise of Social Security for the youngest Americans—the very generations his plan claims to protect. As the graph below demonstrates, the younger a worker is today, the greater the cut to his or her Social Security benefits at age 65 under Representative Johnson’s plan. As the graph also illustrates, Johnson’s radical plan would end Social Security’s wage-related benefits and instead provide all workers virtually the same flat, subsistence level benefit—irrespective of prior earnings or Social Security contributions.

In contrast, Senator Bernie Sanders’ (I-VT) Social Security Expansion Act (S. 731) would ensure Social Security’s long-range solvency while significantly expanding benefits for all Americans. This includes not just current beneficiaries, but all those who will receive benefits in the future – retirees, people with disabilities, and their families; as well as the families of workers who die prematurely:

Not only would Johnson drastically cut everyone’s earned benefits and end Social Security as we know it, he would reduce Social Security’s future revenues by eliminating the taxes that millionaires and billionaires pay on their benefits. That is, he cuts Social Security in order to give millionaires and billionaires a tax break!

Even as average life expectancy in the United States has declined for the first time,¹ Rep. Johnson’s plan would cut benefits by raising the Social Security retirement age, from 67 to 69. At the same time, it would reduce Social Security’s annual cost-of-living adjustments, which are already inadequate for seniors and people with disabilities. And it targets family benefits for spouses and children of disabled and retired workers—one of Social Security’s most vital insurance protections for working parents.²

Finally, the plan uses a hard-to-understand change to Social Security’s benefit formula that eradicates fundamental features present since Social Security’s creation: The more workers contribute, the higher their benefits—and all workers are guaranteed a fair return on their contributions.
For over 81 years, Social Security has always provided a fair return on the contributions made by workers and their families. Under the guise of protecting Social Security benefits for future generations, Rep. Johnson’s plan dramatically changes the structure of Social Security and weakens the economic security it provides.

And, for over 81 years, workers’ contributions to Social Security have been used for the exclusive purpose of Social Security. However, Representative Johnson’s plan cuts Social Security benefits in order to pay for non-related Social Security spending. By law, Social Security contributions are dedicated to Social Security. But, because the Republican Chairman cuts Social Security benefits so substantially, Social Security’s revenue becomes larger than needed, and so the trust funds continue to grow. Those increasingly large and unnecessary contributions are loaned to the government and never repaid. That is an outrageous bait and switch, where workers believe they are paying for their Social Security but are really paying a regressive tax to fund the government. The Johnson plan helps millionaires and billionaires to the detriment of everyone else and misleads Americans about the use of their contributions.

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