



FIXING SOCIAL SECURITY: Views from a very red and a very blue district



**A survey of the Citizen Cabinet
in MD-7 and OK-4**

**Conducted by the Program for Public Consultation,
School of Public Policy, University of Maryland**

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OVERVIEW

Since it was established in 1935, the Social Security program has been very popular among the American people. However, for some time the program has been in jeopardy. According to the Social Security Trustees' Report, if no steps are taken by Congress to reform Social Security, its trust fund will be exhausted in 2033, and after that the program will only be able to deliver benefits based on current receipts—which would result in a 23% benefit cut to retirees.

A major reason that Social Security has not been addressed is a widespread assumption that the American public is not willing or able to face the issue and thus bringing it up is too politically risky. Social Security has been called a 'third rail,' implying that it is political suicide to address it. Partly for this reason, this particular consultation was done with citizens from one of the most consistently Republican districts in the US—Oklahoma's Fourth—and one of the most consistently Democratic districts in the US—Maryland's Seventh.

Much of the existing polling data tends to reinforce the belief that the public's attitudes toward Social Security are too conflicted and anxious to support any kind of constructive action. While majorities believe that Social Security is headed for a crisis, when asked, in separate questions, about raising the retirement age, cutting benefits, or raising taxes, majorities often say they do not find these options appealing.

Citizen Cabinet surveys take a different approach that goes beyond initial reactions. They take respondents through a policymaking simulation that gives respondents a background briefing, present arguments for and against policy options, and then asks the respondent to go into a problem-solving mode.

Another unique feature is that the content is fully vetted for accuracy and balance. The current survey on Social Security was vetted with the lead majority and minority staffers of the House Ways and Means Subcommittee on Social Security and staffers who deal with Social Security on the Senate Finance Committee. Also consulted were experts from the National Academy of Social Insurance and the American

Enterprise Institute. The surveys were then fielded in Oklahoma, Virginia and Maryland, and also in two very different congressional districts – Oklahoma-4 and Maryland-7 – one extremely Republican-leaning, the other extremely Democratic-leaning.

In the survey respondents first went through a briefing about the Social Security program which included:

- how the program is structured
- the nature and extent of the Social Security shortfall, along with its multiple causes
- the options for reforming Social Security including its scoring, i.e. the impact of the option on the shortfall.

Respondents then:

- evaluated arguments for and against a series of reform options, including ones that mitigated the shortfall and ones that increased benefits for certain populations
- evaluated each option separately in terms of how tolerable it would be.

Finally, respondents were presented all the reform options in a spreadsheet enabling respondents to make their own comprehensive and integrated set of recommendations, with an interactive feature that gave respondents feedback on the impact of their choices on the shortfall

Recruitment and Fielding of the Citizen Cabinet Survey

A representative sample of Oklahoma registered voters (supplied by Survey Sampling International) was recruited using a combination of telephone and mail. The sampling and recruitment process was stratified to make the sample demographically representative. Recruits who did not have Internet access were provided a tablet and a device for Internet access.

The Program for Public Consultation managed the recruitment of the Citizen Cabinet in Oklahoma's Fourth Congressional District in conjunction with the Public Opinion Learning Laboratory at the University of Oklahoma and the research firm Communications for Research. A total of 413 registered voters in OK-4 completed the survey from October 13, 2014 – April 9, 2015. This included 101 from a sample for the state as a whole. The final sample was weighted according to



the demographics of registered voters in OK-4. The margin of error for OK-4 was +/-4.8%.

The Program for Public Consultation managed the recruitment of the Maryland Citizen Cabinet in conjunction with the research firm Communications for Research. A total of 438 registered voters in MD-7 completed the survey from November 4, 2014 through April 8, 2015. This included 42 from a sample for the state as a whole. The final sample was weighted according to the demographics of registered voters in MD-7. The margin of error for MD-7 was 4.7%.

KEY RECOMMENDATIONS

Addressing the Social Security Shortfall:

Large majorities in both districts—overall and for both parties—agreed on recommendations that would cover at least two-thirds of the Social Security shortfall. A more modest majority made recommendations that would completely eliminate the shortfall. Views in the OK-4 district were essentially identical to the state as a whole. More specifically:

- In both districts four in five lowered monthly benefits for at least the top 25 percent of earners, including around 7 in 10 Republicans and 8 in 10 Democrats. No more than one in three lowered monthly benefits for the top 40 percent, and no more than 1 in 6 lowered them for the top 50 percent.
- Eight in ten—in both districts and for both parties—raised the full retirement age at least to 68. Four in ten raised the age to 69, and 2 in 10 to 70.
- Overwhelming majorities in both districts and both parties raised the amount of income subject to the payroll tax to at least \$215,000. Eliminating the cap on taxable income was recommended by majorities in both districts.
- In both districts, three quarters raised the payroll tax rate to at least 6.6%, including at least 3 in 5 Republicans and 3 in 14 Democrats. About four in ten raised it to 6.9% or higher.

Raising Benefits

- Majorities recommended raising the minimum monthly benefit in both districts, including 6 in 10 Democrats, but less than half of Republicans.
- Less than half in MD-7 recommended increasing benefits to the very old, while OK-4 was divided.

Together with the other majority positions, including eliminating the cap on income subject to the payroll tax, increasing these benefits would reduce the shortfall coverage to 93%.

Recalculating Cost of Living Adjustment (COLA)

Two (mutually exclusive) options were offered for modifying the methods for calculating COLAs, but neither was chosen by a majority, overall and for either party. A third chose the chained CPI and one in four chose basing the CPI on what the elderly tend to buy. Partisan differences were slight.

Choices Made By Affected Subpopulations

Although they would be disproportionately affected, among those in the top quartile of income, about seven in ten in both districts recommended reducing benefits for the top 25% of earners, and 86-88% recommended raising the cap on income subject to the payroll tax.

Although they were told that gradually increasing the full retirement age would only affect those who are now 47 and younger, among this group 71% in OK-4 and 82% in MD-7 recommended raising the age to 68.



Lowering Monthly Benefits for People Who Had Higher Earnings

FINAL RECOMMENDATION:

In both districts four in five lowered monthly benefits for at least the top 25 percent of earners, including around 7 in 10 Republicans and 8 in 10 Democrats. No more than one in three lowered monthly benefits for the top 40 percent, and no more than 1 in 6 lowered them for the top 50 percent.

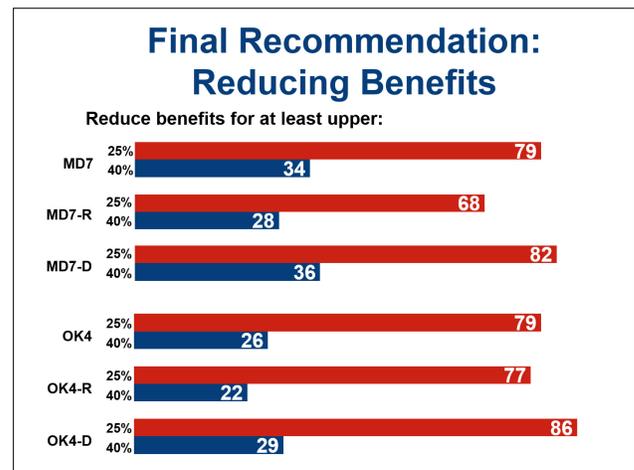
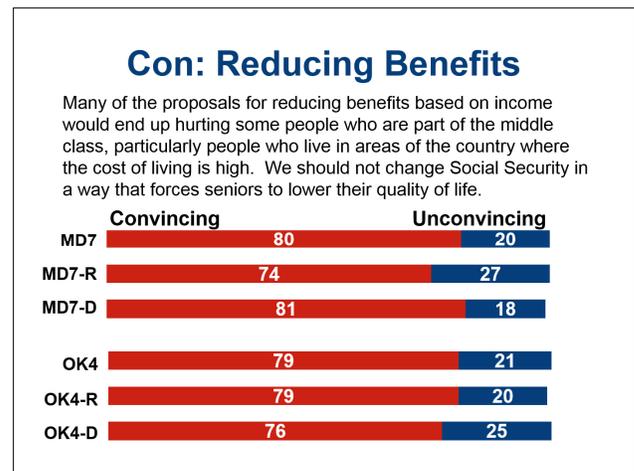
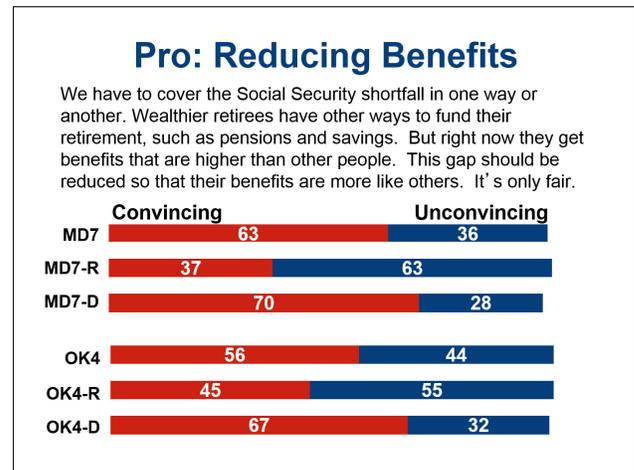
Respondents were told that one option for reducing benefits is to reduce the amount of benefits for people who had higher earnings when they were working.

Two pro and two con arguments were presented. Overall, majorities in both districts found all arguments convincing. However, a majority of Republicans in both districts found the arguments in favor unconvincing. In addition to the arguments shown in the next column, respondents were presented the pro argument that Social Security was meant to prevent poverty so that it makes no sense for people with higher incomes to get more (56% convincing in both districts; for Republicans unconvincing, 53% OK-4, 68% MD-7); and the con argument that reducing benefits was a violation of an the understanding with workers who had put money into the program their working lives (73% convincing OK-4, 71% MD-7).

Asked to evaluate more specific proposals, majorities found it at least tolerable to reduce benefits for the top 25 percent of earners (average lifetime earnings of \$65,500 or more); this would reduce the shortfall 7%. In MD-7, only half of Republicans (50%) found this tolerable, while 58% of Republicans in OK-4 did.

About a third in each district found tolerable reducing benefits to the top 40 percent of earners. Reducing benefits to the top 50 percent was found tolerable by two in ten in OK-4 and under three in ten in MD-7, with little difference among the parties.

In making their final recommendations, 79% in both districts selected reducing benefits for the top 25% of earners. Democrats were about the same across the two districts, but OK-4 Republicans were more supportive (77%) than MD-7 Republicans (68%). Only small minorities recommended reducing benefits to the top 40 or 50%.





Raising the Full Retirement Age

FINAL RECOMMENDATION:

Eight in ten—in both districts and for both parties—raised the full retirement age at least to 68. Four in ten raised the age to 69, and 2 in 10 to 70.

Respondents were given a briefing, including a chart with a timeline, explaining that currently the full retirement age is being gradually raised to 67 by 2027. They were then told that it would be an option to continue to raise the age on the same trajectory to 68, 69, or 70 and shown timelines to clarify how this would occur.

Large majorities found an argument both for and against raising the full retirement age convincing (see boxes in next column).

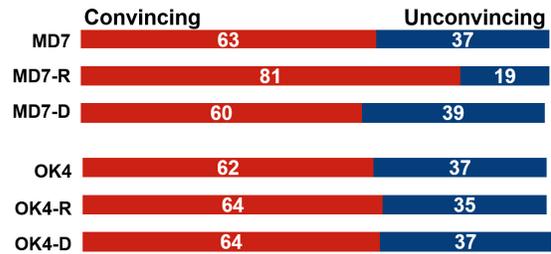
Asked to rate the tolerability of raising the age to 68 (reduces the shortfall 15%) six in ten in both districts found it at least tolerable. Less than half in OK-4 (44%) found tolerable raising it to 69 (reduces shortfall 21%), though just over half of Republicans (51%) found this tolerable. In MD-7, a bare majority (52%) did find it tolerable, including two in three Republicans (65%) and half of Democrats (49%).

Raising the age to 70 (reduces shortfall 29%) was found unacceptable by 62% in OK-4, including 56% of Republicans. In MD-7, though, 56% of Democrats found it unacceptable while 67% of Republicans found it at least tolerable.

When making their final recommendations an overwhelming and remarkably similar majority in all categories—79-84%—raised the full retirement age to 68. About four in ten overall raised it to 69; however, among Maryland Republicans, six in ten made this choice. About two in ten raised the age to 70.

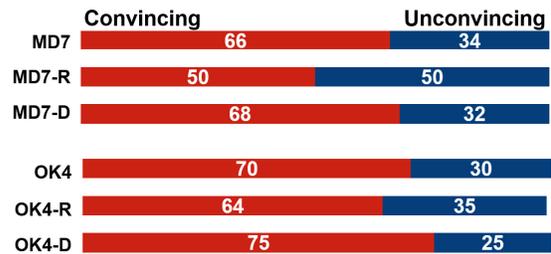
Pro: Raising Retirement Age

People at 66 are now much healthier than in the past and most of the work people do is much less physically demanding, so it is appropriate for people to work a little bit longer before retiring. Raising the retirement age is a common-sense response to how life has changed in the modern era.



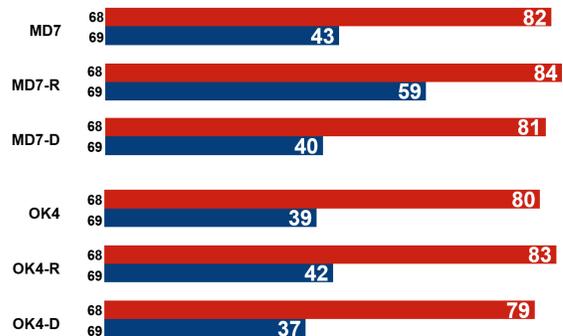
Con: Raising Retirement Age

Raising the retirement age is unfair because many workers in their 60s still hold physically demanding jobs—blue-collar jobs, or retail jobs where they are on their feet all day. For them, it is already a stretch for the retirement age to rise to 67 as planned; it should not rise any further.



Final Recommendation: Raising Retirement Age

Gradually raise at least to:





Raising Amount of Income Subject to Payroll Tax

FINAL RECOMMENDATION:

Overwhelming majorities in both districts and both parties raised the amount of income subject to the payroll tax to at least \$215,000. Eliminating the cap on taxable income was recommended by majorities in both districts.

Respondents were told:

One option is to raise the maximum amount of salary and wages subject to the Social Security payroll tax (also known as raising the cap). Currently, the amount of salary and wages that is subject to the Social Security payroll tax includes up to \$113,700 per year. By this plan, the cap on salary and wages would rise, thus increasing the amount of taxes paid, but the corresponding benefits would also rise.

Substantial majorities—in both districts and for both parties—found convincing the argument for raising the cap. Sixty percent in OK-4 and 55% in MD-7 found the argument against it convincing (see box). One pro argument for eliminating the cap that pointed out the differential between various income groups’ salary increases over the last few decades was found convincing by 75% in OK-4 and 80% in MD-7. A con argument pointed out that those who would be affected are the people who had a recent tax increase and play a pivotal role in economic activity and was found convincing by an unusually low four in ten in both districts.

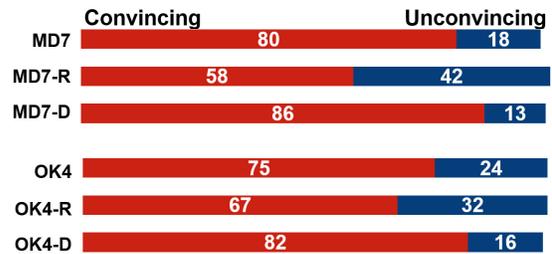
Asked to assess the specific proposal of raising the cap from \$113,700 to \$215,000 over ten years (reduces shortfall by 27%), seven in ten or more, in both districts and both parties, found this tolerable. Eliminating the cap entirely, which would reduce the shortfall 66%, was tolerable to 76% in both districts (MD-7 Republicans, 60%).

In making their final recommendations, almost nine in ten in both districts raised the cap at least to \$215,000, with 55-56% eliminating it. Eight in ten Republicans in both districts at least raised the cap as

well, and nearly half in OK-4—48%—eliminated it.

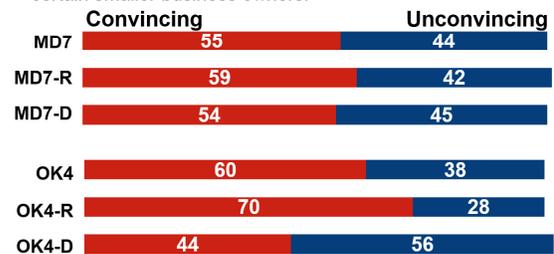
Pro: Raising or Eliminating Cap

The incomes of the wealthy have been growing by leaps and bounds, while the incomes of the middle class have been stagnating. It is time for the wealthy to step up and do their part by helping to make Social Security secure. Besides, all it means is that they pay the payroll tax all year (like everybody else), not just the first part of the year.



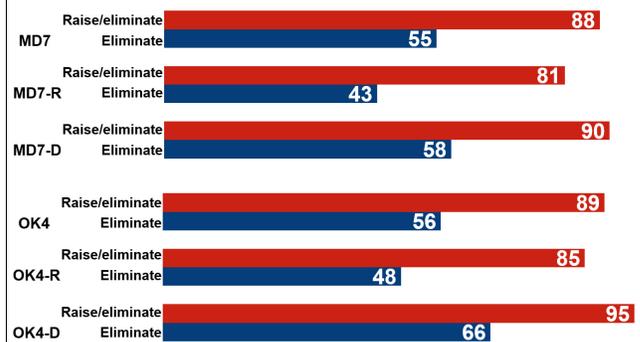
Con: Raising or Eliminating Cap

In general, increasing taxes is a serious mistake. It reduces the amount that Americans have to spend on their family’s food, housing, clothes, education, etc. Over time this would cause a hefty tax increase for some taxpayers, many of whom are not really wealthy. It would especially hurt the self-employed and certain smaller business owners.



Final Recommendation: Raising or Eliminating Cap

Gradually raise the cap or eliminate it:





Raising Payroll Tax Rate

FINAL RECOMMENDATION:

In both districts, three quarters raised the payroll tax rate to at least 6.6%, including at least 3 in 5 Republicans and 3 in 14 Democrats. About four in ten raised it to 6.9% or higher.

Respondents were first reminded that:
At present both workers and employers pay a tax of 6.2% on the amount of an employee’s salary and wages subject to the payroll tax. Self-employed people pay both the employer and employee share.

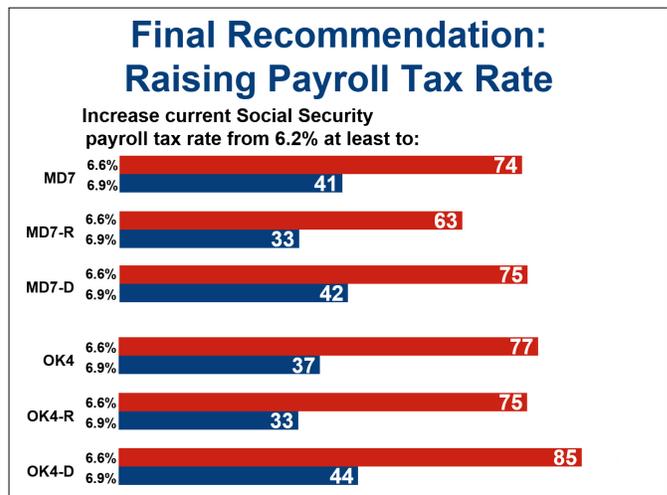
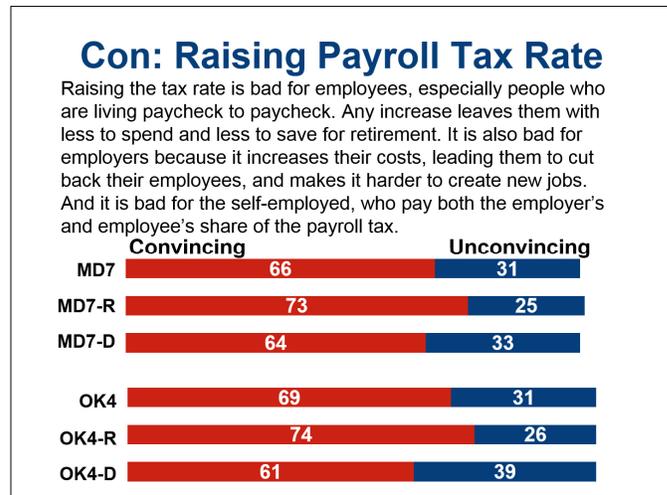
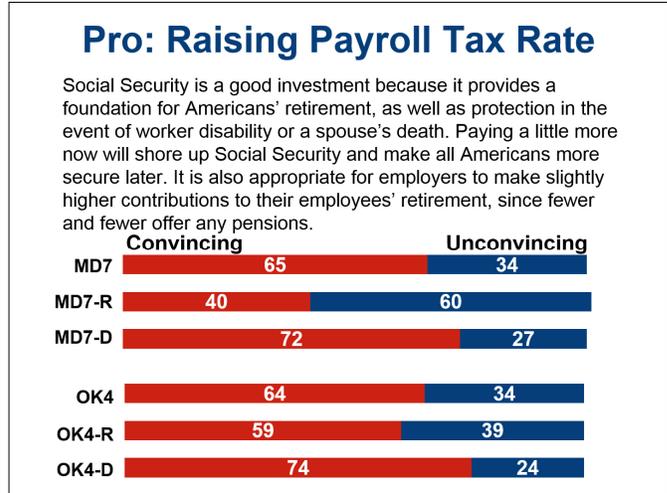
They were presented options for increasing the tax rate .05% per year for both the employer and the employee, rising ultimately to 6.6%, 6.9% or 7.2%. They were told the impact of these increases on the monthly payroll taxes of an individual with an income of \$39,000--\$13, \$22, and \$32, respectively.

Large majorities—around two thirds--found convincing the arguments both for and against raising the payroll tax rate. MD-7 Republicans, however, found the pro argument unconvincing (60%). In general, Republicans were relatively less responsive to the pro argument and more responsive to the con argument, while Democrats were the opposite (see boxes).

Asked to assess gradually raising the payroll tax rate to 6.6% over a period of 8 years (reducing the shortfall by 17%), two thirds in MD-7 and seven in ten in OK-4 found it at least tolerable, including majorities of Republicans. Raising it to 6.9% (covers 33% of shortfall) was tolerable to three in five in both districts. Raising it to 7.2% (covers 49% of shortfall) was tolerable to about half in both districts; only four in ten of MD-7 Republicans thought so, however (OK-4 Republicans, 52%).

In conclusion 77% in OK-4 and 74% in MD-7 recommended raising the payroll tax rate to

6.6%, with more support from OK-4 Republicans (76%) than MD-7 Republicans (62%). Less than half in all categories recommended raising the rate to 6.9% or 7.2%.





Raising Benefits

FINAL RECOMMENDATIONS:

Majorities recommended raising the minimum monthly benefit in both districts, including 6 in 10 Democrats, but less than half of Republicans. Less than half in MD-7 recommended increasing benefits to the very old, while OK-4 was divided.

Respondents considered two options for increasing benefits. One option was to increase the minimum monthly benefit for those who worked 30 years from \$800 to \$1,216. This would increase the shortfall by 7%.

Majorities found arguments both for and against this option convincing, though Democrats were significantly more positive about the option (see boxes). A majority of MD-7 Republicans, however, found the pro argument unconvincing (51%).

In both districts, six in ten or more found the idea tolerable; MD-7 Republicans were an exception (44%).

Respondents also considered gradually raising benefits for those reaching age 81 through age 85. This would increase the shortfall by 5%. The argument in favor of this idea was found convincing by large majorities of all parties, while majorities, except Republicans, found the argument against it unconvincing.

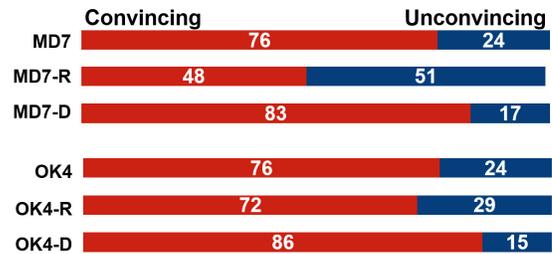
Majorities in both districts and for both parties found the idea of increasing benefits to the very old tolerable.

In their final recommendations, 56% in both OK-4 and MD-7 endorsed raising the minimum benefit, with more support from OK-4 Republicans (48%) than MD-7 Republicans (33%). Less than half (46%) in MD-7, overall and for both parties, endorsed supplementing benefits of the very old. Half in OK-4 (50%) endorsed supplementing benefits, with a

majority of Democrats (56%) supporting the proposal.

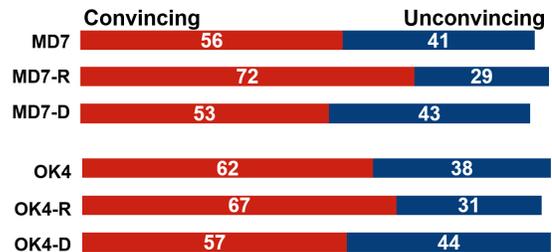
Pro: Raising Minimum Benefit

The current benefit is below the poverty line. It should be a basic principle that if you work for 30 years and pay your Social Security taxes, your benefits should assure that you can retire with dignity and not be condemned to live in poverty.



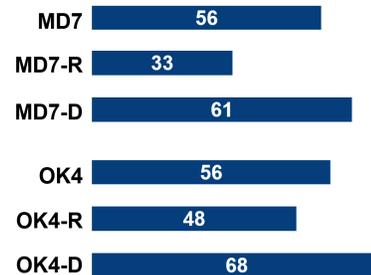
Con: Raising Minimum Benefit

Given the difficulty of reducing the Social Security shortfall, we should not be considering any additional benefits. The main problem of covering the shortfall should be solved first and only then should we consider raising the minimum benefit.



Final Recommendation: Raising Minimum Benefit

Raising the minimum monthly benefit for those who have worked 30 years or more from \$800 to \$1,216





Cost of Living Adjustments (COLAs)

FINAL RECOMMENDATION:

Neither option for modifying COLAs was recommended by a majority. In both districts, a third recommended the Chained CPI method that would likely slow the rate of increases. One in four recommended basing the COLAs on a new system that would focus on what the elderly tend to buy and which would quicken the rate of increases.

Respondents were asked to consider two options for recalculating the annual Cost of Living Adjustment for Social Security benefits. One idea—known as ‘chained CPI’—is based on tracking what people tend to buy in response to changing prices, rather than a fixed set of goods. This would likely slow the rate of increase and cover 19% of the shortfall.

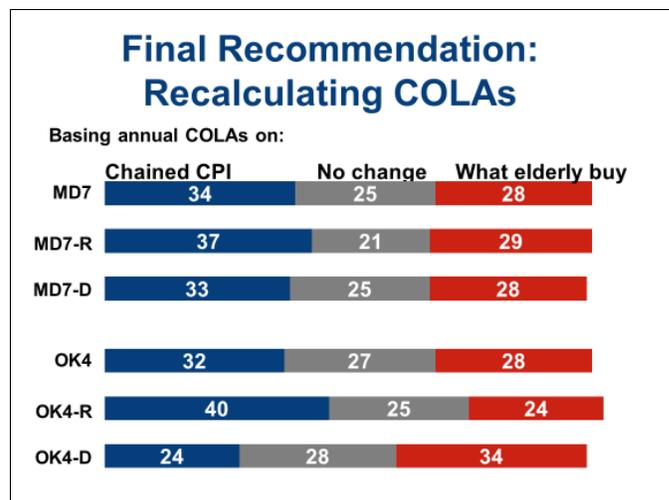
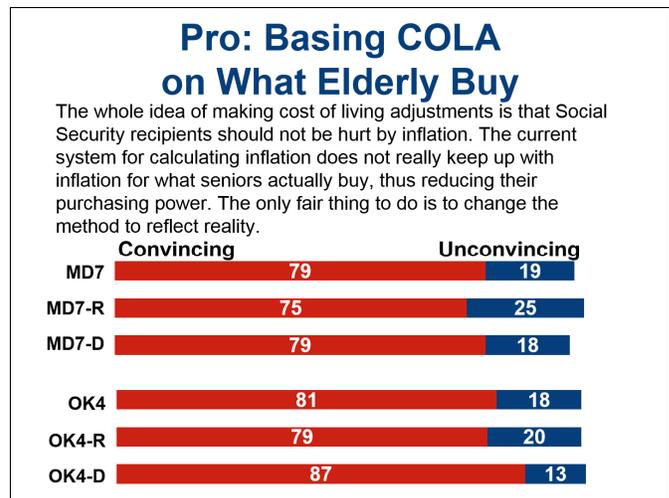
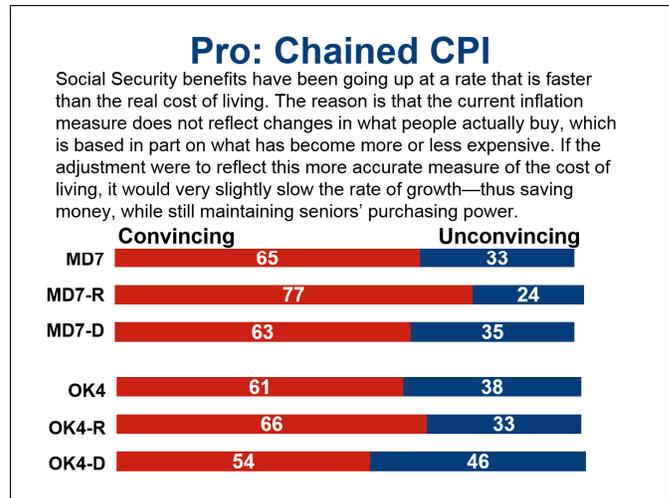
Arguments for and against this idea were found convincing overall by majorities in both districts (see box for the pro argument). Two-thirds—overall and for both parties—found the idea tolerable.

Respondents were also asked to consider a method for setting COLAs based on what the elderly actually buy, rather than a standard set of goods. This would quicken the rate of increases and increase the shortfall by 13%.

The argument in favor of this idea was found convincing by three-fourths or more (see box), including large majorities of all parties, while the argument against it was found convincing by a smaller 58% in OK-4 and 57% in MD-7. Majorities in both districts found the idea tolerable; only 42% of MD-7 Republicans thought so, however.

Asked for their final recommendation, neither of the ideas was endorsed by a majority. Chained CPI received more support, with about a third supporting the proposal in both districts, although only one in four OK-4 Democrats supported it. Basing COLAs on what the elderly tend to buy was

recommended by one in four, except among OK-4 Democrats (34%).





SUMMARY OF FINAL RECOMMENDATIONS

Very large majorities in both of these extremely diverse districts – overall and for both parties— agreed on recommendations that would cover at least two-thirds of the Social Security shortfall. More modest majorities made recommendations that would eliminate 98% of the shortfall (though this was not true of Republicans in the two districts).

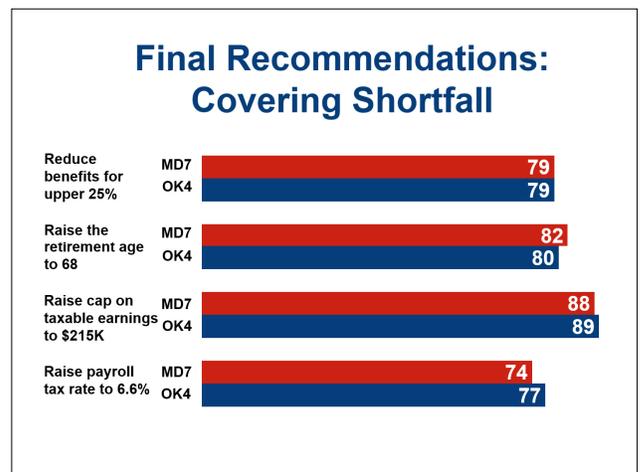
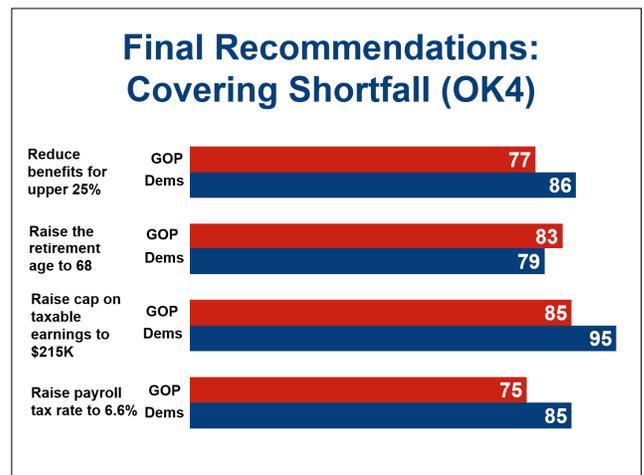
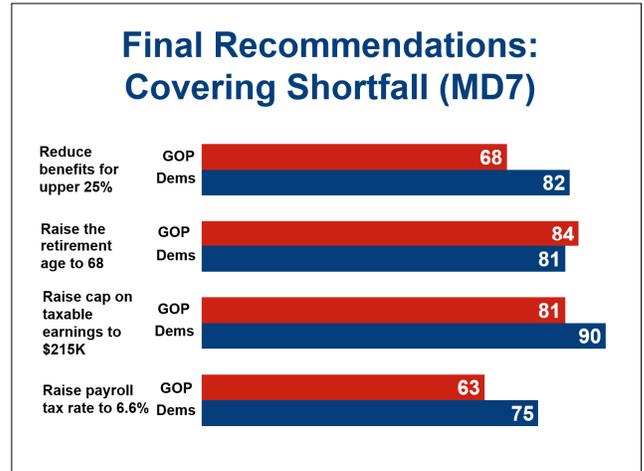
The final recommendations revealed a remarkable level of consensus on steps that would eliminate two-thirds of the Social Security shortfall. Seven in ten or more of respondents in OK-4 and MD-7, and three fifths or more of all Republicans and Democrats recommended the following steps:

- Reducing benefits for the upper 25% of earners (reduces shortfall 7%)
- Raising the full retirement age from 67 to 68 (reduces shortfall 15%)
- Raising the cap on taxable income from the current \$113,700 to \$215,000 (reduces shortfall 27%)
- Raising the payroll tax rate from 6.2% to 6.6% (reduces shortfall 17%)

In addition, majorities in both districts (55-56%) recommended completely eliminating the cap on income subject to the payroll tax (reduces shortfall 66%), which, together with the other steps, eliminate 105% of the Social Security shortfall. However, while this was recommended by 66% of Democrats in OK-4 and 58% in MD-7, it was selected by just 48% of Republicans in OK-4 and 43% in MD-7.

More modest majorities also endorsed raising the minimum benefit (56% in both districts, increasing the shortfall 7%). This, together with the other majority positions, would eliminate 98% of the shortfall. However, this increase was not recommended by a majority of Republicans. Raising the benefits for the very old was not selected by majorities, though 50% in OK-4 did so and a majority of MD-7 Democrats did so.

The majority positions of Democrats, including eliminating the cap and raising benefits, covered 98% of the shortfall in MD-7 and 93% in OK-4. The majority positions of Republicans in both districts covered 66% of the shortfall.





DIFFERENCES BY AFFECTED SUBPOPULATIONS

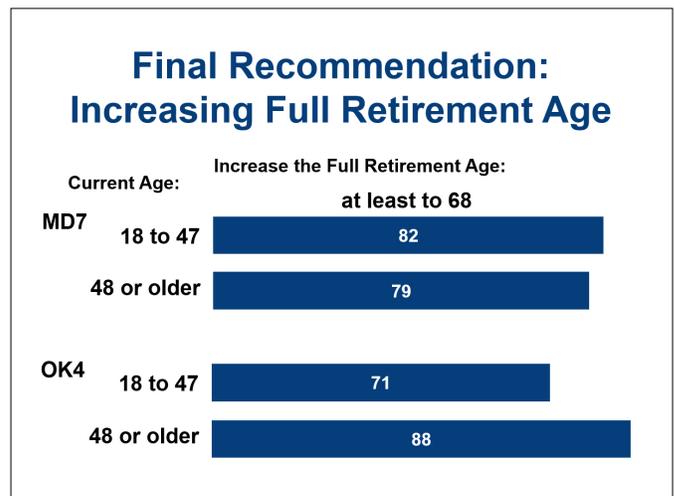
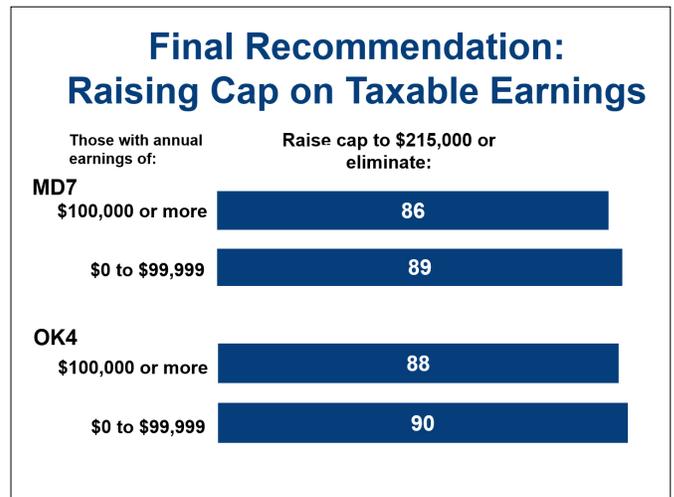
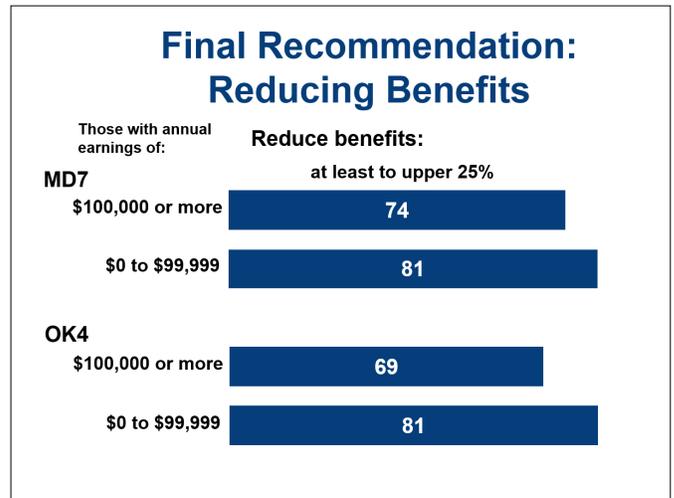
Among subpopulations that would be adversely affected by various Social Security reforms, large majorities nonetheless support them.

Since various options to cover the Social Security shortfall involve burdens that fall onto some groups more than others, it is natural to ask whether those affected would resist them.

One might assume that those in the top quartile of income (approximately \$100,000 and above) would resist reducing benefits for the top 25% of earners. While those with incomes above \$100,000 were a bit lower in their support, the difference was not substantial and roughly 7 in 10 of them in both districts recommended this benefit cut.

Similarly, one might expect that this group would resist raising the income cap subject to the payroll tax, as they would be much more likely to be affected by it, either immediately or at some point in their earning history. However, over 8 in 10 in both districts recommended raising the cap from \$113,700 to \$215,000.

Respondents were told that gradually increasing the full retirement age to age 68 would directly affect those who are now 47 and younger, but not those presently 48 or older. One might reasonably expect that those whose retirement age would be affected would be less likely to select this option for their packages. In fact, among those under 48, large majorities in both districts raised the age to 68. Although support among those under 48 was a bit less in OK-4 than among those 48 or older, over 7 in 10 still supported raising the age to 68.





Voice Of the People is a non-partisan organization that seeks to re-anchor our democracy in its founding principles by giving ‘We the People’ a greater role in government. VOP furthers the use of innovative methods and technology to give the American people a more effective voice in the policymaking process.

VOP is working to urge Congress to take these new methods to scale so that Members of Congress have a large, scientifically-selected, representative sample of their constituents—called a Citizen Cabinet—to be consulted on current issues and providing a voice that accurately reflects the values and priorities of their district or state.



PROGRAM FOR PUBLIC CONSULTATION

SCHOOL OF PUBLIC POLICY, UNIVERSITY OF MARYLAND

The **Program for Public Consultation** seeks to improve democratic governance by consulting the citizenry on key public policy issues governments face. It has developed innovative survey methods that simulate the process that policymakers go through—getting a briefing, hearing arguments, dealing with tradeoffs—before coming to their conclusion. It also uses surveys to help find common ground between conflicting parties. The Program for Public Consultation is part of the School of Public Policy at the University of Maryland.

ACKNOWLEDGEMENTS

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Communications for Research recruited the members of the Oklahoma and Maryland Citizen Cabinet panels, with additional recruitment efforts in Oklahoma by the Public Opinion Learning Laboratory at the University of Oklahoma.

Touchstone Research programmed the Citizen Cabinet panel registration intake process and the Social Security policymaking simulation that the panel members completed.

Richard Parsons, VOP’s Executive Director, and Rich Robinson, VOP’s Director of Communications, managed communications with U.S. Congressional offices and the press, and contributed to the writing of the report.

Allison Stettler managed the panel development and the design and production of the report with assistance from Antje Williams, Meaza Getachew and Brandon Juhaish.