HOW OKLAHOMANS WOULD FIX SOCIAL SECURITY

A survey of the Oklahoma Citizen Cabinet

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

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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.

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 staffs 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.

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 Oklahoma Citizen Cabinet Survey

The Program for Public Consultation managed the recruitment of the Oklahoma Citizen Cabinet in conjunction with the Public Opinion Learning Laboratory at the University of Oklahoma and the research firm Communications for Research. 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.

A total of 818 registered voters completed the survey from October 13, 2014 – April 9, 2015. This included a sample of 506 for the state as a whole. In addition the Fourth Congressional district was oversampled to bring the total for that district up to 413. The final sample was weighted according to the demographics of registered voters for Oklahoma and for OK-4. The margin of error for the state was +/- 4.4% and for Oklahoma 4 was +/-4.8%.

KEY RECOMMENDATIONS

Addressing the Social Security Shortfall:

Large majorities—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:

- Four in five lowered monthly benefits for at least the top 25 percent of earners, including 7 in 10 Republicans and over 8 in 10 Democrats. One in three lowered monthly benefits for the top 40 percent, and about 1 in 6 lowered them for the top 50 percent.

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

- Overwhelming majorities in both parties raised the amount of income subject to the payroll tax to at least $215,000. Eliminating the cap entirely and making all income taxable was recommended by six in ten, including half of Republicans.

- Three quarters raised the payroll tax rate to at least 6.6%, including two thirds of Republicans and 8 in 10 Democrats. A few more than a third raised it to 6.9% or higher.

Raising Benefits

- A majority (58%) recommended raising the minimum monthly benefit, including 7 in 10 Democrats, but just less than half of Republicans.

- A slim majority (52%) recommended increasing benefits for seniors in their eighties, but this was true of less than half of Republicans.

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, 77% recommended reducing benefits for the top 25% of earners and 87% 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 84% recommended raising the age to 68.
Lowering Monthly Benefits for People Who Had Higher Earnings

**Final Recommendation:**
Four in five lowered monthly benefits for at least the top 25 percent of earners, including 7 in 10 Republicans and over 8 in 10 Democrats. One in three lowered monthly benefits for the top 40 percent, and about 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 found all arguments convincing. However, a majority of Republicans 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 (59% convincing, 55% Republicans unconvincing); and the con argument that reducing benefits was a violation of an understanding with workers who had put money into the program when they were working (64% convincing).

Asked to evaluate more specific proposals, a majority 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%. A third found tolerable reducing benefits to the top 40 percent of earners. Reducing benefits to the top 50 percent was found tolerable by only two in ten, with little difference among the parties.

In making their final recommendations, 81% selected reducing benefits for the top 25% of earners. This included 72% of Republicans and 88% of Democrats. Only small minorities recommended reducing benefits to the top 40 or 50%.

### Pro: Reducing Benefits

We have to cover the Social Security shortfall in one way or another. Wealthier retirees have other ways to fund their retirement, such as pensions and savings. But right now they get benefits that are higher than other people. This gap should be reduced so that their benefits are more like others. It’s only fair.

### Con: Reducing Benefits

Many of the proposals for reducing benefits based on income would end up hurting some people who are part of the middle class, particularly people who live in areas of the country where the cost of living is high. We should not change Social Security in a way that forces seniors to lower their quality of life.

### Final Recommendation: Reducing Benefits

Reduce benefits for at least upper:

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Raising the Full Retirement Age

**Final Recommendation:**
Eight in ten—overall 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 found it at least tolerable. Just under half (45%) found tolerable raising it to 69 (reduces shortfall 21%), with 51% of Republicans finding it tolerable and a majority of Democrats (59%) saying it would be unacceptable. Raising the age to 70 (reduces shortfall 29%) was found unacceptable by 60%, including 55% of Republicans.

When making their final recommendations an overwhelming and remarkably similar majority in all categories—80-81%—raised the full retirement age to 68. About four in ten (43%) overall raised it to 69. About two in ten raised the age to 70.
**Raising Amount of Income Subject to Payroll Tax**

**FINAL RECOMMENDATION:**
Overwhelming majorities in 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 six in ten, including half of Republicans.

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—overall and for both parties—found convincing the argument for raising the cap. Six in ten found the argument against it convincing, as did three quarters of Republicans (see boxes). 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 76%. 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 39%.

Asked to assess the specific proposal of raising the cap from $113,700 to $215,000 over ten years (reduces shortfall by 27%), over seven in ten, in both parties and overall, found this tolerable. Eliminating the cap entirely, which would reduce the shortfall 66% was tolerable to over seven in ten—overall and in both parties.

In making their final recommendations, 90% raised the cap at least to $215,000, with 60% eliminating it. Eight in ten Republicans at least raised the cap as well, and half—50%—eliminated it.
**Raising Payroll Tax Rate**

**FINAL RECOMMENDATION:**
Three quarters raised the payroll tax rate to at least 6.6%, including two thirds of Republicans and 8 in 10 Democrats. Thirty-six percent 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 found convincing the arguments both for and against raising the payroll tax rate, including substantial majorities of both parties. However 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%), 71% found it at least tolerable, including 70% of Republicans (73% Democrats). Raising it to 6.9% (covers 33% of shortfall) was tolerable to 63% (Republican 58%, Democrats 69%). Raising it to 7.2% (covers 49% of shortfall) was tolerable to 51% (Republicans 46%, Democrats 56%).

In conclusion 73% recommended raising the payroll tax rate to 6.6%--Republicans 67%, Democrats 80%. Less than half in all categories recommended raising the rate to 6.9% or 7.2%.
Raising Benefits

**Final Recommendations:**
A majority recommended raising the minimum monthly benefit, including 7 in 10 Democrats, but just under half of Republicans. A slim majority recommended increasing benefits to the very old, but just under half of Republicans.

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).

Two thirds (66%) found the idea tolerable, including 55% of Republicans.

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 Republican, found the argument against it unconvincing.

Large majorities found the idea of increasing benefits to the very old tolerable, including 6 in 10 Republicans.

In their final recommendations, 58% endorsed raising the minimum benefit (47% Republicans, 69% Democrats). A more modest 52% endorsed supplementing the benefits of the very old, but 57% of Democrats recommended it (46% of Republicans).
Cost of Living Adjustments (COLAs)

**Final Recommendation:**
Neither option for modifying COLAs was recommended by a majority. 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. Partisan differences were minor.

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 by roughly two-thirds (see box for the pro argument). Seven in ten 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 a robust 76% (see box), including large majorities of all parties, while the argument against it was found convincing by a smaller 58%. Overall 61% found the idea tolerable.

Asked for their final recommendation, neither of the ideas was endorsed by a majority. Chained CPI received the largest support with 34%. Basing COLAs on what the elderly tend to buy was recommended by just 26%.
SUMMARY OF FINAL RECOMMENDATIONS

Very large majorities—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 to eliminate the cap and raise benefits, which would eliminate 93% of the shortfall, but this was not true of Republicans.

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 Oklahoma and Oklahoma 4, and two thirds 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, a substantial majority (60%) 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 67% of Democrats, it was selected by just 50% of Republicans.

More modest majorities also endorsed raising the minimum benefit (58%, increasing the shortfall 7%) and raising the benefits for the very old (52%, increasing the shortfall 6%). These, together with the other majority positions, would eliminate 93% of the shortfall. However these increases were not recommended by a majority of Republicans.
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 77% of them 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, an extraordinary 90% 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, a remarkable 84% raised the age to 68, about the same as the 81% among those, 48 or older, who would not be personally affected.
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.

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.

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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.