HOW VIRGINIANS WOULD FIX SOCIAL SECURITY

A survey of the Virginia Citizen Cabinet

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.

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.

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 Virginia Citizen Cabinet Survey

The Program for Public Consultation managed the recruitment of the Virginia Citizen Cabinet with fieldwork conducted by the University of Virginia Survey Research Center and the research firm Communications for Research. A representative sample of Virginia registered voters (supplied by Survey Sampling International) was recruited using a combination of telephone, mail, and Internet. 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 525 registered voters completed the survey from October 9, 2014 – April 7, 2015. The final sample was weighted according to the demographics of registered voters for Virginia. The margin of error for the state was 4.2%.

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. More specifically:

- Almost three quarters lowered monthly benefits for at least the top 25 percent of earners, including 7 in 10 Republicans and 8 in 10 Democrats. Only 1 in 5 lowered monthly benefits for the top 40 percent, and only 1 in 8 lowered them for the top 50 percent.

- Eight in ten—overall and for both parties—raised the age at least to 68. Over 4 in 10 raised the age to 69, and about half of Republicans did so. One in four raised the age to 70.

- Overwhelming majorities in both parties raised the cap on income subject to the payroll tax to at least $215,000. Eliminating the cap entirely was recommended by a more modest majority, including a modest majority of Republicans.

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

Raising Benefits

A majority recommended raising the minimum monthly benefit, including three in four Democrats, but only four in ten Republicans. Less than half recommended increasing benefits to the very old.

Recalculating Cost of Living Adjustment (COLA)

Neither option for modifying COLAs was recommended by a majority. Three in ten 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.

Choices Made By Affected Subpopulations

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

Although they would be disproportionately affected, among those in the top quartile of income (approximately $100,000 and above) 62% recommended reducing benefits for the top 25% of earners. Even more striking, among those with incomes over $100,000, 87% recommended raising the cap on income subject to the payroll tax from $113,000 to at least $215,000.

Respondents were told that gradually increasing the full retirement age to age 68 would only directly affect those who are now 47 and younger. Nonetheless, among those 47 and under, a remarkable 83% recommended raising the age to 68—not significantly less than the 85% among those, 48 or older, who would not be personally affected.
Lowering Monthly Benefits for People Who Had Higher Earnings

**FINAL RECOMMENDATION:**
Three out of four lowered monthly benefits for at least the top 25 percent of earners, including 7 in 10 Republicans and 8 in 10 Democrats. Only 1 in 5 lowered monthly benefits for the top 40 percent, and only 1 in 8 lowered them for the top 50 percent.

Respondents were told that one option to help address the shortfall was to reduce the amount of benefits for people who had 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 (56% convincing, except 54% Republicans found it unconvincing); 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 (68% 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%. Three in ten 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, 73% selected reducing benefits for the top 25% of earners. This included 69% of Republicans and 83% of Democrats. Only small minorities recommended reducing benefits to the top 40 or 50%.
Raising the Full Retirement Age

**FINAL RECOMMENDATION:**
Eight in ten—overall and for both parties—raised the age at least to 68. Over 4 in 10 raised the age to 69, including half of Republicans. One in four raised the age to 70.

Respondents were given a briefing, including a chart with a timeline that explained that currently the 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 age 68, 69, or 70 and shown timelines to clarify how this would occur.

Large majorities found arguments 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%), 65% found it at least tolerable. Half (49%) found tolerable raising it to 69 (reduces shortfall 21%), with a modest majority of Republicans (53%) finding it tolerable and a majority of Democrats (55%) saying it would be unacceptable. Raising the age to 70 (reduces shortfall 29%) was found unacceptable by 57%.

When making their final recommendations, an overwhelmingly similar majority in all categories—82-85%—raised the full retirement age to 68. Forty four percent overall, and 48% of Republicans raised it to 69. Less than three in ten raised the age to 70.
Raising the Cap on Taxable Earnings

**FINAL RECOMMENDATION:**
Overwhelming majorities in both parties raised the cap on income subject to the payroll tax at least to $215,000. Eliminating the cap entirely was recommended by a majority, though a more modest one, including a modest majority 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. Fifty-five percent (and two thirds of Republicans) found the argument against it convincing (see boxes). In addition to those arguments shown, an additional 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 77%, including 65% of Republicans. 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 just 38%, 50% among Republicans.

In making their final recommendations, 89% raised the cap at least to $215,000, with 57% eliminating it. Eight in ten Republicans raised the cap as well, and over half—52%—eliminated it.

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### 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.

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### 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.

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### Final Recommendation: Raising or Eliminating Cap

Gradually raise the cap or eliminate it:

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Raising Payroll Tax Rate

**Final Recommendation:**
Three quarters recommended raising the payroll tax rate to at least 6.6%, including two thirds of Republicans and 8 in 10 Democrats. Less than half 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. Republicans were divided over the argument in favor of raising the payroll tax rate (47 to 50%) and a large majority had a positive response to the argument against it (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%), 70% found it at least tolerable, and this was also true of 60% of Republicans (75% Democrats). Raising it to 6.9% (covers 33% of shortfall) was tolerable to 64% (Republican 54%, Democrats 69%). Raising it to 7.2% (covers 49% of shortfall) was tolerable to 55% (Republicans 49%, Democrats 60%).

In conclusion, 74% recommended raising the payroll tax rate to 6.6%—Republicans 63%, Democrats 84%. Less than half in all categories recommended raising the rate to 6.9% or 7.2%.
Raising Benefits

**FINAL RECOMMENDATION:**
A majority—nearly six in ten—recommended raising the minimum monthly benefit, including three in four Democrats, but only four in ten Republicans. Less than half recommended increasing benefits to the very old.

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 argument in favor of raising the minimum benefit (see boxes). Almost six in ten (63%) found the idea tolerable, though 55% of Republicans said it was unacceptable.

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 both parties; however, only a majority of Democrats found the argument against it unconvincing. A large majority found the idea tolerable, as did half of Republicans.

In their final recommendations, 58% endorsed raising the minimum benefit (38% Republicans, 73% Democrats). Only 42% endorsed supplementing the benefits of the very old, with no party differences.
**Cost of Living Adjustments (COLAs)**

**Final Recommendation:**
Neither option for modifying COLAs was recommended by a majority. Three in ten 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 likely 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 about large majorities (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 73% (see box), including large majorities of all parties, while the argument against it was found convincing by a smaller 62%. Overall 57% found the idea tolerable, however 58% of Republicans found it unacceptable.

Asked for their final recommendation, neither of the ideas was endorsed by a majority. Chained CPI received the largest support with 32%. Basing COLAs on what the elderly tend to buy was recommended by just 26%.
SUMMARY OF FINAL RECOMMENDATIONS

Overwhelming 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.

The final recommendations revealed a remarkable level of consensus on steps that would eliminate two-thirds of the Social Security shortfall. Eight in ten respondents in Virginia, including 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, 57% recommended completely eliminating the cap on income subject to the payroll tax (reduces shortfall 66%), which would, together with the other steps, eliminate 105% of the Social Security shortfall. This more far-reaching step was recommended by 59% of Democrats and 52% of Republicans.

A majority of 58% also recommend raising the minimum benefit, which would increase the shortfall by 7%. However, this was driven by Democrats who endorsed it by 73% as compared to 38% of Republicans.

Thus the majority positions of Democrats, including eliminating the cap and raising the minimum benefit, covered 98% of the shortfall.
DIFFERENCES BY AFFECTED SUBPOPULATIONS

Among subpopulations that would suffer the affects of various Social Security reforms, large majorities nonetheless supported 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 lower in their support, 62% 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 87% 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 83% raised the age to 68, only slightly less than the 85% 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.

ACKNOWLEDGEMENTS

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Communications for Research recruited the members of the Virginia Citizen Cabinet panel, with additional recruitment efforts by the Center for Survey Research at the University of Virginia.

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.