

## 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*

**Field Dates: October 9, 2014 – April 7, 2015**

**Sample Size: 525 registered voters in Virginia**

**Margin of Error: +/- 4.2%**

#### [INTRO SCREEN]

Thank you for taking part in this policymaking simulation on Social Security. Social Security is facing some major challenges that Congress is having serious trouble resolving. So, who better to turn to for advice than the American people?

You will now go through a process that simulates the process a Member of Congress goes through in making a policy decision. You will:

--get a background briefing on Social Security

--weigh a range of proposals that Congress is considering, together with pro and con arguments for each

--finally, make a set of recommendations that make the most sense to you

Everything you will see has been reviewed by experts and congressional staffers, both Democrats and Republicans, so you can be assured that it is factual and balanced.

If at any time you find that you do not want to answer a question feel free to skip it and move on to the next one.

#### [SCREEN] BRIEFING

So let's get started with your briefing. Here are some basic facts about Social Security.

- All workers are required to pay 6.2% of all of their wages and salaries up to a certain maximum amount, called a cap, which is currently \$117,000 a year. Their employer pays a matching amount. These are called payroll taxes. Earnings above the cap are not subject to the payroll tax.
- Provided that workers have paid payroll taxes into Social Security for a total of at least 10 years, when they retire they receive monthly benefits for the rest of their lives.
- The level of benefits a person receives is related to his or her average earnings, and thus the amount of payroll taxes they have paid.

[Q1.] Overall, would you say your view of Social Security is:

Very positive..... 29%

VA Republicans .....	16
VA Democrats .....	43
Somewhat positive .....	49
VA Republicans .....	53
VA Democrats .....	47
Somewhat negative .....	15
VA Republicans .....	25
VA Democrats .....	8
Very negative .....	5
VA Republicans .....	6
VA Democrats .....	2
Don't know/Refused .....	1

[SP]

**Briefing (cont.)**

Currently, the average monthly benefit amount is \$1,294 a month. This is the benefit that goes to someone whose average lifetime earnings were about \$2,570 a month (adjusted for inflation). Thus, such a person receives about 50% of those earnings.

[SPACE]

**Average Retiree**

**Average lifetime earnings**



**Monthly benefit**



[Q2.] Does the monthly benefit seem:

Higher than you expected .....	14%
VA Republicans .....	17
VA Democrats .....	13
About the same as you expected.....	59
VA Republicans .....	67
VA Democrats .....	53
Lower than you expected .....	26
VA Republicans .....	16
VA Democrats .....	34
Don't know/Refused .....	1

[SP]

**Briefing (cont.)**

Benefits are progressive. This means that lower-income workers receive a higher benefit relative to their earnings before they retired than higher-income workers do. Here is an example. If Person A's average lifetime earnings were \$1,500 a month, Person A's Social Security monthly benefit would be \$939 or about 63% of prior earnings. For comparison, if Person B's average lifetime earnings were \$6,000 a month, Person B's monthly benefit would be \$2,168, or about 36% of prior earnings.

[SPACE]

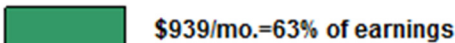
### Social Security Benefits are Progressive: Two Examples

**Person A**

Average lifetime earnings



Monthly Benefit



**Person B**

Average lifetime earnings



Monthly Benefit



[SP]

**Briefing (cont.)**

We are now going to address three issues about Social Security that are under consideration in Congress.

The first issue we will address is that the Social Security trustees have projected that in 2033 the Social Security Trust Fund will not have enough funds to pay the level of benefits that are scheduled to be paid by present law. *Benefits would then be financed from current payroll taxes only and would drop by 23%.* We will call this the **Social Security shortfall**. You will be asked to consider approaches for dealing with this shortfall that include both reducing benefits and increasing revenues.

The second issue is whether Social Security benefits are adequate for certain groups. You will be asked to consider proposals for **increasing benefits** for certain groups.

The third issue is how **cost of living adjustments** (or COLAs) for inflation should be calculated. You will be asked to consider two different proposals for changing this calculation.

[SP]

**BRIEFING: THE SOCIAL SECURITY SHORTFALL**

We will first address the **Social Security shortfall**—the shortage of funds projected for the year 2033.

[Q3.] How much have heard or read about the Social Security shortfall?

A lot .....	20%
VA Republicans .....	20
VA Democrats .....	15
Some .....	47
VA Republicans .....	53
VA Democrats .....	44
Just a little .....	25
VA Republicans .....	22
VA Democrats .....	28
Nothing .....	7
VA Republicans .....	4
VA Democrats .....	12
Don't know/Refused .....	1

[SP]

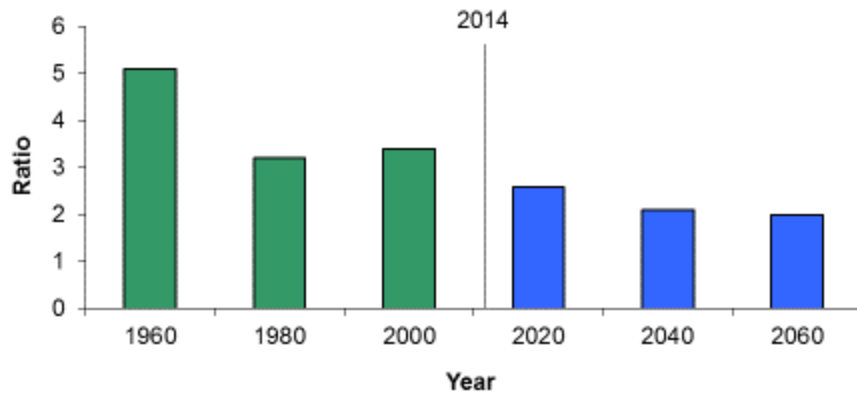
**Briefing: The Social Security Shortfall (cont.)**

The Social Security shortfall has several major causes. One of these is that **Americans have been having fewer children**. This means that the ratio of workers contributing to Social Security as compared to the number of retirees receiving Social Security benefits is going down. In the figure below you can see how this has changed over time and how it is projected for the future.

[SPACE]

## Ratio of Active Workers for each Social Security Retiree Over Time

Worker to retiree ratio, selected years



[SP]

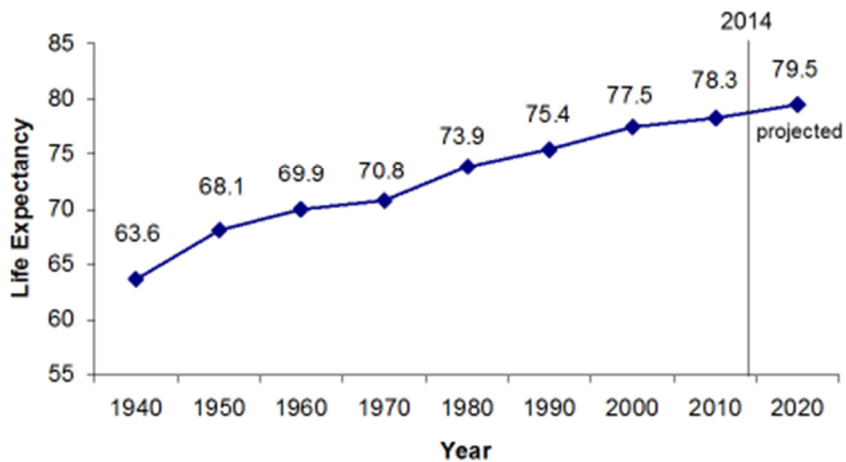
*Briefing: The Social Security Shortfall (cont.)*

Another factor contributing to the shortfall is that **Americans are living longer** and thus receiving benefits for more years. Please see the figure below for more detail.

[SPACE]

## Americans Living Longer

Average life expectancy at birth in the US, 1940-2020



[SP]

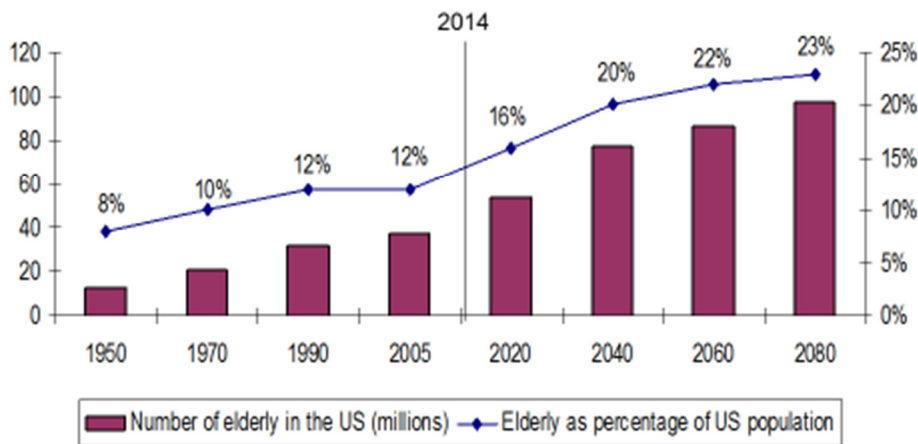
**Briefing: The Social Security Shortfall (cont.)**

Another factor contributing to the shortfall is that **wages for middle and lower income workers have not been growing** as much as was expected, decreasing the amount of payroll taxes flowing into the Social Security Trust Fund.

Another factor contributing to the shortfall is that the large baby boom generation is entering retirement and **increasing the percentage of the population that is eligible for Social Security**. This will put more demands on Social Security.

[SPACE]

### Projected Population of Elderly People (aged 65 and older), 1950-2080



[SP]

**Briefing: The Social Security Shortfall (cont.)**

Finally, contributing to the shortfall is the fact that **Congress has not taken action** for some decades to adjust revenues and benefits to keep the program in long-term balance. The last such legislation was passed in 1986.

The impact of the Social Security shortfall, if no action is taken, would be as follows:

Average monthly benefits, in current dollars, would go down from \$1,294 to \$1000

[SPACE]

## Impact of Shortfall if No Action is Taken: Seniors' Monthly Benefit

Average monthly benefit in 2014



Monthly benefit with 23% cut if the Social Security trust fund is depleted in 2033



The percentage of seniors living under the poverty line would increase. Assuming the same level of poverty as today, it is projected that the poverty level for seniors would rise from 9% to 18%.

### **[SP; DISPLAY Q4 & Q5 ON THE SAME SCREEN; ROTATE AND RECORD ORDER OF Q4 & Q5] DEALING WITH THE SHORTFALL**

We are now going to look at policy options for dealing with the Social Security shortfall. The government has two possible approaches: it can

**--reduce Social Security benefits**

or

**--increase revenues.**

**WE WILL FIRST EXPLORE THE APPROACH OF REDUCING SOCIAL SECURITY BENEFITS, WHICH WOULD REDUCE THE SHORTFALL BY REDUCING EXPENSES. [SPACE]**

### **[SCREEN]**

One option for reducing benefits is to reduce the amount of benefits that people with higher earnings will receive when they retire in the future.

### ***LOWERING MONTHLY BENEFITS FOR PEOPLE WHO HAD HIGHER EARNINGS***

Currently, the more people earned while working (up to \$117,000) the more they receive in monthly benefits. One option --for new retirees only--is to gradually lower benefits for people who had higher earnings. Their benefits would still be higher than for people who had lower earnings, but their benefits would be less than people in that income group are currently scheduled to receive.

You are now going to evaluate arguments **in favor** of and **against** this option. Later you will assess some specific proposals. For each argument, please select whether you find the argument convincing or unconvincing. Here are the arguments in favor of this option.

**Arguments in Favor of Policy Option**

[Q4.] 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.

Very convincing.....	22%
VA Republicans .....	12
VA Democrats .....	27
Somewhat convincing.....	35
VA Republicans .....	28
VA Democrats .....	41
Somewhat unconvincing.....	20
VA Republicans .....	22
VA Democrats .....	21
Very unconvincing.....	22
VA Republicans .....	37
VA Democrats .....	9
Don't know/Refused .....	2

[Q5.] Social Security was established with the express purpose of ensuring that older or disabled Americans would not fall into poverty. It really makes no sense that people with higher incomes even get higher benefits than people with lesser incomes.

Very convincing.....	22%
VA Republicans .....	16
VA Democrats .....	26
Somewhat convincing.....	34
VA Republicans .....	28
VA Democrats .....	39
Somewhat unconvincing.....	22
VA Republicans .....	20
VA Democrats .....	26
Very unconvincing.....	21
VA Republicans .....	34
VA Democrats .....	9
Don't know/Refused .....	1



[SP; DISPLAY Q6 & Q7 ON THE SAME SCREEN; ROTATE AND RECORD ORDER OF Q6 & Q7]

*Dealing With the Shortfall (cont.)*

Here are two arguments **against** lowering monthly benefits for people who had higher earnings. For each, please select whether you find it convincing or unconvincing:

**Arguments Against Policy Option**

[Q6.] 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.

Very convincing.....	32%
VA Republicans .....	32
VA Democrats .....	30
Somewhat convincing.....	41
VA Republicans .....	41
VA Democrats .....	41
Somewhat unconvincing.....	18
VA Republicans .....	21
VA Democrats .....	20
Very unconvincing.....	8
VA Republicans .....	5
VA Democrats .....	9
Don't know/Refused.....	1

[Q7.] American workers have been paying Social Security payroll taxes for all their working lives on the promise that they would be getting this money back in the form of benefits. Reducing expected benefits to people who make more money is a violation of this understanding and changes Social Security from a retirement program into a welfare program.

Very convincing.....	33%
VA Republicans .....	44
VA Democrats .....	20
Somewhat convincing.....	35
VA Republicans .....	39
VA Democrats .....	33
Somewhat unconvincing.....	21
VA Republicans .....	12
VA Democrats .....	33

Very unconvincing.....	9
VA Republicans .....	3
VA Democrats .....	14
Don't know/Refused .....	1

[SP]

*Dealing With the Shortfall (cont.)*

Now that you have considered all these arguments, we would like you to evaluate three proposals for reducing benefits for people with higher lifetime earnings. All of these proposals would only apply to the benefits of new retirees. Their benefits would still be higher than people who had lower earnings, but their benefits would be less than people in that income group currently receive.

**Assessing Proposals**

[Q8a.] The first proposal is to reduce the monthly benefits for **the top 25 percent of earners**--that is, those whose average earnings over their lifetimes are about \$65,500 a year and higher. This would reduce the Social Security shortfall by 7%.

Please select how acceptable or unacceptable this proposal is to you on the scale below.

Not acceptable (0-4).....	42%
VA Republicans .....	53
VA Democrats .....	31
Just tolerable (5).....	17
VA Republicans .....	16
VA Democrats .....	18
Acceptable (6-10).....	39
VA Republicans .....	29
VA Democrats .....	49
Don't know/Refused .....	2
Mean .....	4.6
VA Republicans .....	3.7
VA Democrats .....	5.4

[SP]

[Q8b.] A second proposal is to reduce the monthly benefits for **the top 40 percent of earners**--that is, those whose average earnings over their lifetimes are about \$47,000 a year and higher. This would reduce the Social Security shortfall by 25%.

Please select how acceptable or unacceptable this proposal is to you on the scale below.

Not acceptable (0-4).....	66%
VA Republicans .....	75

VA Democrats .....	59
Just tolerable (5).....	16
VA Republicans .....	12
VA Democrats .....	19
Acceptable (6-10).....	17
VA Republicans .....	12
VA Democrats .....	20
Don't know/Refused .....	2
Mean .....	3
VA Republicans .....	2.3
VA Democrats .....	3.6

**[SP]**

[Q8c.] A third proposal is to reduce the monthly benefits for **the top 50 percent of earners**--that is, those whose average earnings over their lifetimes are about \$39,000 a year and higher. This would reduce the Social Security shortfall by 34%.

Please select how acceptable or unacceptable this proposal is to you on the scale below.

Not acceptable (0-4).....	74%
VA Republicans .....	78
VA Democrats .....	72
Just tolerable (5).....	13
VA Republicans .....	11
VA Democrats .....	14
Acceptable (6-10).....	10
VA Republicans .....	7
VA Democrats .....	11
Don't know/Refused .....	3
Mean .....	2.2
VA Republicans .....	1.8
VA Democrats .....	2.5

**[SP]**

***Dealing With the Shortfall (cont.)***

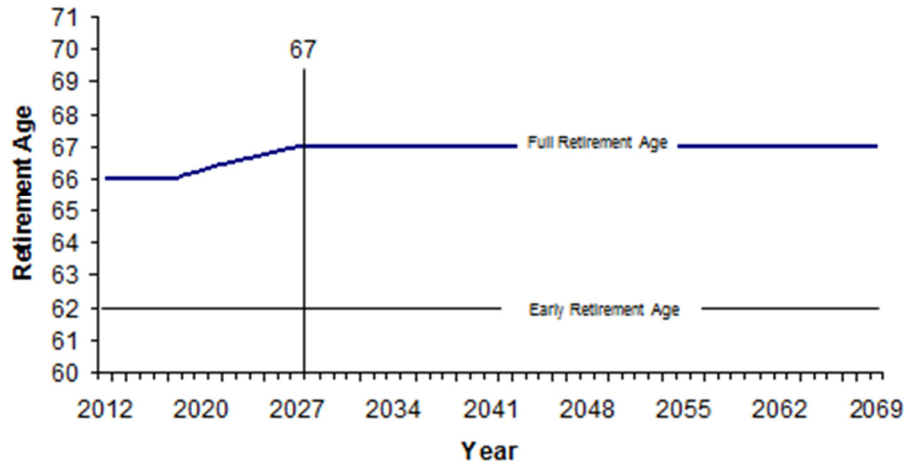
Another policy option is to reduce benefits by raising the full retirement age, which would reduce the total amount of benefits people would receive over their lifetime. (Note: This option does NOT change people's ability to take early retirement—with correspondingly lower monthly benefits--which would still start at 62.)

**RAISING THE FULL RETIREMENT AGE**

Currently, the full retirement age is 66 years. According to current law, it is scheduled to gradually rise until it reaches 67 by the year 2027 and then will stop rising. This has no effect on those already receiving Social Security. It does affect those born in 1960 or later. The graph below shows how the current law increases the full retirement age.

[SPACE]

**Current Policy – Starting in 2020, Gradually Raise Full Retirement Age from 66 to Age 67 in 2027**



[SP; DISPLAY Q9 & Q10 ON THE SAME SCREEN; ROTATE AND RECORD ORDER OF Q9 & Q10]

**Dealing With the Shortfall (cont.)**

One policy option is to continue to gradually increase the retirement age beyond the age of 67, so that it eventually reaches a higher age.

Here are two arguments in **favor** of this option. For each, please select whether you find it convincing or unconvincing:

**Arguments in Favor of Policy Option**

[Q9.] With people living longer, the number of retirees receiving benefits is growing. At the same time birth rates are lower, diminishing the number of workers who contribute revenue to Social Security. Thus, it is not affordable and simply not realistic to have people retire as early as they have.

Very convincing.....	21%
VA Republicans .....	25
VA Democrats .....	21
Somewhat convincing.....	47
VA Republicans .....	44
VA Democrats .....	44

Somewhat unconvincing.....	17
VA Republicans .....	15
VA Democrats .....	20
Very unconvincing.....	14
VA Republicans .....	15
VA Democrats .....	15
Don't know/Refused .....	1

[Q10.] 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.

Very convincing.....	22%
VA Republicans .....	24
VA Democrats .....	22
Somewhat convincing.....	42
VA Republicans .....	41
VA Democrats .....	41
Somewhat unconvincing.....	19
VA Republicans .....	20
VA Democrats .....	20
Very unconvincing.....	15
VA Republicans .....	13
VA Democrats .....	17
Don't know/Refused .....	1

[SP; DISPLAY Q11 & Q12 ON THE SAME SCREEN; ROTATE AND RECORD ORDER OF Q11 & Q12]

*Dealing With the Shortfall (cont.)*

Here are two arguments **against** gradually raising the full retirement age beyond 67. For each, please select whether you find it convincing or unconvincing:

**Arguments Against Policy Option**

[Q11.] 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.

Very convincing.....	33%
VA Republicans .....	26
VA Democrats .....	37

Somewhat convincing.....	37
VA Republicans .....	34
VA Democrats .....	37
Somewhat unconvincing.....	23
VA Republicans .....	29
VA Democrats .....	21
Very unconvincing.....	6
VA Republicans .....	10
VA Democrats .....	4
Don't know/Refused .....	1

[Q12.] Raising the retirement age is just a benefit cut by another name--in fact each worker will get less over their lifetime. It is particularly unfair to people with lower incomes and minorities. Because on average they do not live as long, they get less back in Social Security benefits over their lifetime for the amount they put in; thus, raising the retirement age will cut a disproportionately large percentage of their average lifetime benefits.

Very convincing.....	24%
VA Republicans .....	18
VA Democrats .....	27
Somewhat convincing.....	32
VA Republicans .....	25
VA Democrats .....	39
Somewhat unconvincing.....	29
VA Republicans .....	35
VA Democrats .....	26
Very unconvincing.....	13
VA Republicans .....	20
VA Democrats .....	7
Don't know/Refused .....	1

[SP]

***Dealing With the Shortfall (cont.)***

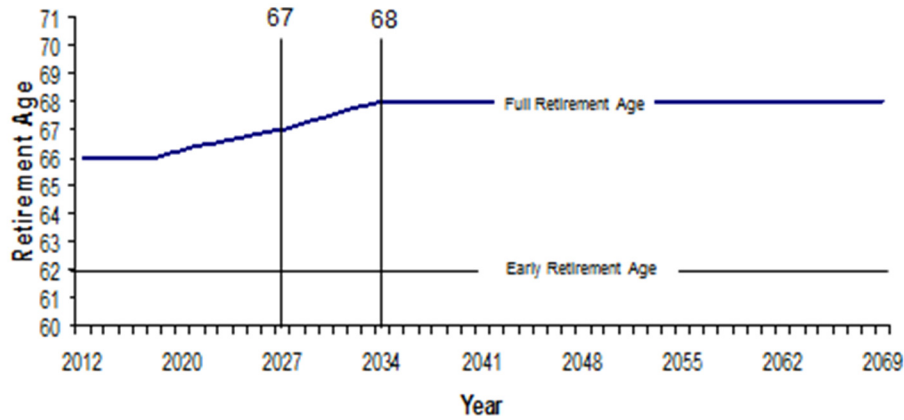
Now that you have considered all the arguments, here are three proposals for raising the retirement age.

**Assessing Proposals**

[Q13a.] One proposal is to continue gradually raising the full retirement age until it reaches 68 for people retiring in 2034. This step would reduce the Social Security shortfall by 15%.

[SPACE]

## Proposal 1- Gradually Raise the Retirement Age to 68 by 2034



Please select how acceptable or unacceptable this proposal is to you on the scale below.

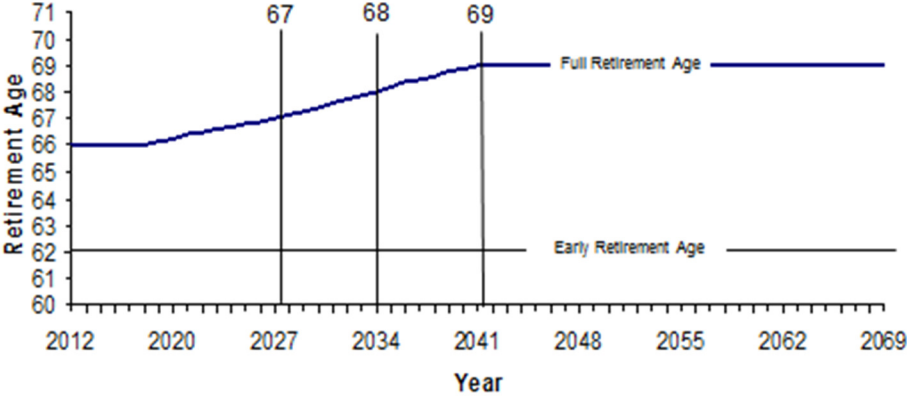
Not acceptable (0-4).....	32%
VA Republicans .....	27
VA Democrats .....	35
Just tolerable (5).....	20
VA Republicans .....	22
VA Democrats .....	18
Acceptable (6-10).....	45
VA Republicans .....	47
VA Democrats .....	46
Don't know/Refused .....	3
Mean .....	5.1
VA Republicans .....	5.3
VA Democrats .....	5.1

[SP]

[Q13b.] Another proposal is to continue to gradually raise the full retirement age until it reaches age 69 for people retiring in 2041. This step would reduce the Social Security shortfall by 21%.

[SPACE]

## Proposal 2- Gradually Raise the Retirement Age to 69 by 2041



[SPACE]

Please select how acceptable or unacceptable this proposal is to you on the scale below.

Not acceptable (0-4).....	51%
VA Republicans .....	44
VA Democrats .....	55
Just tolerable (5).....	19
VA Republicans .....	22
VA Democrats .....	16
Acceptable (6-10).....	30
VA Republicans .....	31
VA Democrats .....	28
Don't know/Refused .....	1
Mean .....	4.2
VA Republicans .....	4.5
VA Democrats .....	4.0

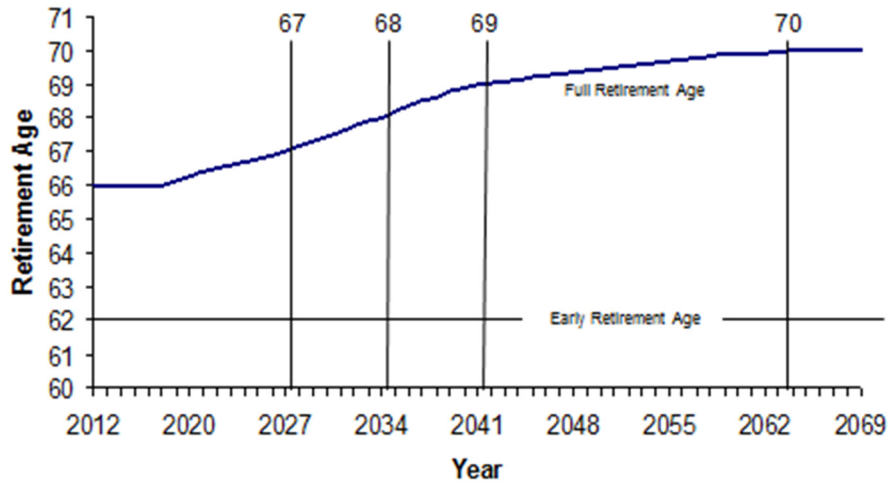
[SP]

[Q13c.] Another proposal is to continue to gradually raise the full retirement age two months per year until it reaches age 69 in 2041 and then slow the pace, raising it just a half a month per year raise until it reaches age 70 in 2064. This step would reduce the Social Security shortfall by 29%.

[SPACE]



## Proposal 3 - Gradually Raise the Retirement Age to 70 by 2064



Please select how acceptable or unacceptable this proposal is to you on the scale below.

Not acceptable (0-4).....	57%
VA Republicans .....	52
VA Democrats .....	61
Just tolerable (5).....	15
VA Republicans .....	16
VA Democrats .....	14
Acceptable (6-10).....	27
VA Republicans .....	29
VA Democrats .....	24
Don't know/Refused .....	1
Mean .....	3.7
VA Republicans .....	3.9
VA Democrats .....	3.6

[SP]

### *Dealing With the Shortfall (cont.)*

Now we will explore the approach of **increasing revenues** that go to the Social Security fund, in order to deal with the projected Social Security shortfall.

### ***RAISING THE CAP ON TAXABLE EARNINGS***

One policy 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 \$117,000 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. This would reduce the Social Security shortfall by 27%.

[SP; DISPLAY Q14 & Q15 ON THE SAME SCREEN]

*Dealing With the Shortfall (cont.)*

Here are arguments in **favor** of and **against** raising the maximum amount of salary and wages subject to the Social Security payroll tax. Please select whether you find each one convincing or unconvincing:

**Argument in Favor of Policy Option**

[Q14.] People who are well off have benefited from all the great things about the American economic system. It is only fair that they should contribute more and they can surely afford it. Remember, with this change they will also get higher Social Security benefits.

Very convincing.....	31%
VA Republicans .....	19
VA Democrats .....	42
Somewhat convincing.....	38
VA Republicans .....	38
VA Democrats .....	39
Somewhat unconvincing.....	17
VA Republicans .....	21
VA Democrats .....	16
Very unconvincing.....	12
VA Republicans .....	20
VA Democrats .....	4
Don't know/Refused .....	1

**Argument Against Policy Option**

[Q15.] 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.

Very convincing.....	25%
VA Republicans .....	30
VA Democrats .....	15
Somewhat convincing.....	30
VA Republicans .....	34
VA Democrats .....	30

Somewhat unconvincing.....	26
VA Republicans.....	23
VA Democrats.....	29
Very unconvincing.....	18
VA Republicans.....	10
VA Democrats.....	26
Don't know/Refused.....	1

[SP; GRID; ACROSS]

*Dealing With the Shortfall (cont.)*

Now that you have considered these arguments, here is a specific proposal for raising the maximum amount of salary and wages subject to the Social Security payroll tax.

**Assessing the Proposal**

[Q16.] Gradually, over a period of 10 years, raise the limit on salary and wages subject to the Social Security payroll tax from the current \$117,000 per year to \$215,000.

This would reduce the Social Security shortfall by 27%.

Please select how acceptable or unacceptable this proposal is to you on the scale below:

Not acceptable (0-4).....	19%
VA Republicans.....	28
VA Democrats.....	13
Just tolerable (5).....	16
VA Republicans.....	14
VA Democrats.....	15
Acceptable (6-10).....	64
VA Republicans.....	56
VA Democrats.....	72
Don't know/Refused.....	1
Mean.....	6.7
VA Republicans.....	6.0
VA Democrats.....	7.3

[SP; DISPLAY Q17 & Q18 ON THE SAME SCREEN]

*Dealing With the Shortfall (cont.)*

Another proposal goes further and eliminates the cap entirely,

***ELIMINATING THE CAP ON TAXABLE EARNINGS***

This proposal would make ALL salary and wages subject to the Social Security payroll tax. This would also increase the benefits paid to these people who pay more in Social Security taxes. This would reduce the Social Security shortfall by 66%.

Here are arguments in **favor** of and **against** raising the maximum amount of salary and wages subject to the Social Security payroll tax. Please select whether you find each one convincing or unconvincing:

**Argument in Favor of Policy Option**

[Q17.] 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.

Very convincing.....	48%
VA Republicans .....	38
VA Democrats .....	58
Somewhat convincing.....	29
VA Republicans .....	27
VA Democrats .....	30
Somewhat unconvincing.....	9
VA Republicans .....	15
VA Democrats .....	5
Very unconvincing.....	13
VA Republicans .....	16
VA Democrats .....	6
Don't know/Refused .....	2

**Argument Against Policy Option**

[Q18.] High earners just saw their income taxes, investment taxes and Medicare taxes increased. Higher taxes will discourage them from working and encourage tax evasion. They will also have less money to make investments that create jobs and promote economic activity. This will hurt the economy.

Very convincing.....	13%
VA Republicans .....	18
VA Democrats .....	7
Somewhat convincing.....	25
VA Republicans .....	32
VA Democrats .....	18
Somewhat unconvincing.....	31

VA Republicans .....	32
VA Democrats .....	31
Very unconvincing.....	30
VA Republicans .....	15
VA Democrats .....	44
Don't know/Refused .....	1

[SP]

***Dealing With the Shortfall (cont.)***

Now that you have considered these arguments, here is the specific proposal:

**Assessing the Proposal**

[Q19.] Eliminate the cap so that ALL salary and wages are subject to the Social Security payroll tax. This would reduce the Social Security shortfall by 66%.

Please select how acceptable or unacceptable this proposal is to you on the scale below.

Not acceptable (0-4).....	19%
VA Republicans .....	25
VA Democrats .....	14
Just tolerable (5).....	15
VA Republicans .....	16
VA Democrats .....	12
Acceptable (6-10).....	66
VA Republicans .....	56
VA Democrats .....	74
Don't know/Refused .....	1
Mean .....	6.8
VA Republicans .....	6.1
VA Democrats .....	7.3

[SP]

***Dealing With the Shortfall (cont.)***

Another possible option for increasing revenues is to gradually increase the payroll tax rate paid to Social Security.

***INCREASING THE SOCIAL SECURITY PAYROLL TAX RATE***

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.

This option would increase the payroll tax rate very gradually, so that in the first year the rate would go up from 6.2% to 6.25% for both the employer and the employee. In the second year it would go up to 6.3%--and so on for a number of years.

[DISPLAY Q20 & Q21 ON THE SAME SCREEN]

Here are arguments in **favor** of and **against** increasing the Social Security payroll tax rate. Please select whether you find each one convincing or unconvincing:

**Argument in Favor of Policy Option**

[Q20.] Social Security is a good investment because it provides a foundation for Americans’ retirement, as well as protection in the event of worker disability or a spouse’s death. Paying a little more now will shore up Social Security and make all Americans more secure later. It is also appropriate for employers to make slightly higher contributions to their employees’ retirement, since fewer and fewer offer any pensions.

Very convincing.....	22%
VA Republicans.....	15
VA Democrats.....	27
Somewhat convincing.....	38
VA Republicans.....	32
VA Democrats.....	46
Somewhat unconvincing.....	24
VA Republicans.....	28
VA Democrats.....	20
Very unconvincing.....	14
VA Republicans.....	22
VA Democrats.....	7
Don’t know/Refused.....	1

**Argument Against Policy Option**

[Q21.] Raising the tax rate is bad for employees, especially people who are living paycheck to paycheck. Any increase leaves them with less to spend and less to save for retirement. It is also bad for employers because it increases their costs, leading them to cut back their employees, and makes it harder to create new jobs. And it is bad for the self-employed, who pay both the employer’s and employee’s share of the payroll tax.

Very convincing.....	33%
VA Republicans.....	43
VA Democrats.....	26
Somewhat convincing.....	33
VA Republicans.....	31

VA Democrats .....	37
Somewhat unconvincing.....	23
VA Republicans .....	19
VA Democrats .....	25
Very unconvincing.....	10
VA Republicans .....	6
VA Democrats .....	12
Don't know/Refused .....	1

[SP]

***Dealing With the Shortfall (cont.)***

Now that you have considered all the arguments, please evaluate some proposals for gradually increasing the payroll tax rate to Social Security.

**Assessing the Proposals**

As mentioned, in the first year the rate would go up 0.05% from 6.2% to 6.25% for both the employer and the employee. In the second year it would go up to 6.3%--and so on for a number of years.

Please evaluate the following proposals that appear on the next three screens for gradually increasing the payroll tax rate:

[Q22a.] The first proposal raises the payroll tax rate 0.05% a year for 8 years so that it would ultimately rise to 6.6%. For example a median full time worker earning about \$39,000 a year would see their monthly payroll tax go up by \$13, from \$202 to \$215. This would reduce the Social Security shortfall by 17%.

Please select how acceptable or unacceptable this proposal is to you on the scale below.

Not acceptable (0-4).....	29%
VA Republicans .....	37
VA Democrats .....	24
Just tolerable (5).....	22
VA Republicans .....	18
VA Democrats .....	21
Acceptable (6-10).....	48
VA Republicans .....	42
VA Democrats .....	54
Don't know/Refused .....	1
Mean .....	5.6
VA Republicans .....	5.0

VA Democrats .....6.0

[SP]

***Dealing With the Shortfall (cont.)***

Now that you have considered all the arguments, please evaluate some proposals for gradually increasing the payroll tax rate to Social Security.

**Assessing the Proposals**

[Q22b.] A second proposal raises the payroll tax rate 0.05% a year for 14 years so that it would ultimately rise to 6.9%. A person earning \$39,000 a year would see their monthly payroll tax go up by \$22, from \$202 to \$224. This would reduce the Social Security shortfall by 33%.

Please select how acceptable or unacceptable this proposal is to you on the scale below.

Not acceptable (0-4).....	36%
VA Republicans .....	44
VA Democrats .....	31
Just tolerable (5).....	21
VA Republicans .....	20
VA Democrats .....	20
Acceptable (6-10).....	43
VA Republicans .....	34
VA Democrats .....	49
Don't know/Refused .....	1
Mean .....	5.2
VA Republicans .....	4.6
VA Democrats .....	5.6

[SP]

***Dealing With the Shortfall (cont.)***

Now that you have considered all the arguments, please evaluate some proposals for gradually increasing the payroll tax rate to Social Security.

**Assessing the Proposals**

[Q22c.] A third proposal raises the payroll tax rate 0.05% a year for 20 years so that it would ultimately rise to 7.2%. A person earning \$32,000 a year would see their monthly payroll tax go up by \$32, from \$202 to \$234. This would reduce the Social Security shortfall by 49%.

Please select how acceptable or unacceptable this proposal is to you on the scale below.

Not acceptable (0-4).....	44%
---------------------------	-----



VA Republicans .....	49
VA Democrats .....	39
Just tolerable (5).....	20
VA Republicans .....	19
VA Democrats .....	18
Acceptable (6-10).....	35
VA Republicans .....	30
VA Democrats .....	42
Don't know/Refused .....	2
Mean .....	4.7
VA Republicans .....	4.2
VA Democrats .....	5.1

[SP; DISPLAY Q23 & Q24 ON THE SAME SCREEN]

## MODIFYING BENEFITS

[SPACE]

We will now turn to the second major issue of whether Social Security benefits are adequate for certain groups. Proposals have been made by people who believe that benefits for certain groups need to be increased. This, in turn, would increase the Social Security shortfall.

We will now consider two such proposals for raising Social Security benefits for certain groups of retirees.

### *RAISING THE MINIMUM BENEFIT*

The first proposal is to raise the benefit for those receiving the minimum benefit. Currently, the minimum Social Security benefit for someone who has worked 30 years or more is \$800 a month. The proposal is to raise this minimum to \$1,216 a month. This would be 125% of the poverty line.

This proposal would **increase** the Social Security shortfall by 7%.

Here are arguments in **favor** of and **against** this proposal. Please select whether you find each one convincing or unconvincing:

### **Argument in Favor of Policy Option**

[Q23.] The current minimum 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.

Very convincing.....	32%
VA Republicans .....	21
VA Democrats .....	40

Somewhat convincing.....	36
VA Republicans.....	37
VA Democrats.....	39
Somewhat unconvincing.....	18
VA Republicans.....	24
VA Democrats.....	15
Very unconvincing.....	13
VA Republicans.....	15
VA Democrats.....	6
Don't know/Refused.....	2

**Argument Against Policy Option**

[Q24.] 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.

Very convincing.....	23%
VA Republicans.....	40
VA Democrats.....	11
Somewhat convincing.....	38
VA Republicans.....	31
VA Democrats.....	42
Somewhat unconvincing.....	24
VA Republicans.....	16
VA Democrats.....	29
Very unconvincing.....	14
VA Republicans.....	10
VA Democrats.....	17
Don't know/Refused.....	1

[SP]

***Modifying Benefits (cont.)***

Now that you have considered all the arguments, here again is the proposal:

**Assessing the Proposal**

[Q25.] Raise the minimum Social Security benefit to \$1,216 a month for those with 30 years of work history.

This would **increase** the Social Security shortfall by 7%.

Please select how acceptable or unacceptable this proposal is to you on the scale below.

Not acceptable (0-4).....	36%
VA Republicans .....	55
VA Democrats .....	20
Just tolerable (5).....	24
VA Republicans .....	22
VA Democrats .....	23
Acceptable (6-10).....	39
VA Republicans .....	21
VA Democrats .....	57
Don't know/Refused .....	1
Mean .....	5.2
VA Republicans .....	3.9
VA Democrats .....	6.3

[SP; DISPLAY Q26 & Q27 ON THE SAME SCREEN]

***Modifying Benefits (cont.)***

Here is another proposal for increasing benefits.

***SUPPLEMENTING BENEFITS FOR THE OLDEST***

This proposal focuses on Social Security recipients who are in their eighties, sometimes called “the oldest old.” Benefits would begin to gradually increase at age 81 and by age 85 the increase would be an extra \$61.50 a month.

Here are arguments in **favor** of and **against** this proposal. Please select whether you find each one convincing or unconvincing:

**Argument in Favor of Policy Option**

[Q26.] People in their 80s are often at the point of exhausting their savings and any other resources they may have. They are often quite frail and vulnerable, and need special services and assistance to help them cope with living. Their benefits are modest to begin with, and while people early in retirement can supplement their income by working part-time, this is unrealistic for people at this age.

Very convincing.....	38%
VA Republicans .....	32
VA Democrats .....	40
Somewhat convincing.....	40
VA Republicans .....	39

VA Democrats .....	44
Somewhat unconvincing.....	14
VA Republicans .....	18
VA Democrats .....	11
Very unconvincing.....	7
VA Republicans .....	10
VA Democrats .....	4
Don't know/Refused .....	1

**Argument Against Policy Option**

[Q27.] This idea is yet one more example of thinking that people should not be considered responsible for planning for their financial needs. If we go down this path, it will make people more dependent, discourage them from saving, and contribute to an overly big and unaffordable government.

Very convincing.....	16%
VA Republicans .....	30
VA Democrats .....	5
Somewhat convincing.....	36
VA Republicans .....	42
VA Democrats .....	29
Somewhat unconvincing.....	23
VA Republicans .....	13
VA Democrats .....	32
Very unconvincing.....	23
VA Republicans .....	13
VA Democrats .....	32
Don't know/Refused .....	2

[SP]

**Modifying Benefits (cont.)**

Now that you have considered all the arguments, here again is the proposal:

**Assessing the Proposal**

[Q28.] Benefits would begin to gradually increase at age 81 and by age 85 the increase would be an extra \$61.50 a month.

This proposal would **increase** the Social Security shortfall by 5%.

Please select how acceptable or unacceptable this proposal is to you on the scale below.

Not acceptable (0-4).....	34%
VA Republicans .....	47
VA Democrats .....	23
Just tolerable (5).....	20
VA Republicans .....	18
VA Democrats .....	20
Acceptable (6-10).....	45
VA Republicans .....	32
VA Democrats .....	56
Don't know/Refused .....	1
Mean .....	5.3
VA Republicans .....	4.4
VA Democrats .....	6.0

[SP]

**COST OF LIVING ADJUSTMENTS (COLAS)**

There is an ongoing debate about how cost of living adjustments should be calculated for Social Security benefits.

The annual cost of living adjustments (or COLAs) are calculated to keep pace with inflation.

Since 1975, Social Security has based such annual adjustments on the consumer price index, which measures changes in the prices of a fixed list of consumer goods and services. We will consider two different proposals that have been made which would change the way cost of living increases are calculated. These changes use the prices of different sets of goods to measure price inflation.

***COLA BASED ON CONSUMERS' BUYING BEHAVIOR (THE CHAINED CPI)***

This proposal is to use a measure based on a set of goods that is selected based on what people in general actually buy, because these do change, especially in response to changing prices (this method is known as the chained CPI). Here is an illustration. If benefits are raised based on the prices for the current fixed set of goods, and average benefits go up about \$32 a month (or 2.5%), then if benefits are raised based on the prices for the goods people actually buy, average benefits would instead go up about \$28 a month (or 2.2%).

The effect of a lower COLA would compound over time. It is estimated that by making this change, benefits would grow more slowly, so that 10 years after retiring average monthly benefits would be about \$35 less than they would be under the current method. After 30 years average monthly benefits would be about \$107 less than by the current method.

[SP; DISPLAY Q29 & Q30 ON THE SAME SCREEN]

*Cost of Living Adjustments (cont.)*

Here are arguments in **favor** of and **against** the proposal for a COLA based on chained CPI. Please select whether you find each one convincing or unconvincing:

**Argument in Favor of Policy Option**

[Q29.] Social Security benefits have been going up at a rate that is faster than the real cost of living. The reason is that the current inflation measure does not reflect changes in what people actually buy, which is based in part on what has become more or less expensive. If the adjustments were to reflect this more accurate measure of the cost of living, it would very slightly slow the rate of growth—thus saving money, while still maintaining seniors’ purchasing power.

Very convincing.....	16%
VA Republicans .....	19
VA Democrats .....	15
Somewhat convincing.....	49
VA Republicans .....	48
VA Democrats .....	49
Somewhat unconvincing.....	22
VA Republicans .....	19
VA Democrats .....	24
Very unconvincing.....	12
VA Republicans .....	10
VA Democrats .....	12
Don’t know/Refused .....	2

**Argument Against Policy Option**

[Q30.] The idea that senior citizens are going to closely monitor the costs of a wide range of goods and then regularly adjust their established lifestyle and buying patterns is just not realistic. Ultimately, this is a benefit cut, even if it has a complex economic justification. We need to ensure that Social Security benefits keep pace with inflation in the real world, not a theoretical one.

Very convincing.....	29%
VA Republicans .....	28
VA Democrats .....	29
Somewhat convincing.....	35
VA Republicans .....	32
VA Democrats .....	39
Somewhat unconvincing.....	24
VA Republicans .....	23
VA Democrats .....	21

Very unconvincing.....	11
VA Republicans .....	15
VA Democrats .....	9
Don't know/Refused .....	2

[SP]

*Cost of Living Adjustments (cont.)*

Now that you have considered all the arguments, here again is the proposal:

**Assessing the Proposal**

[Q31.] Basing the annual cost of living increases for benefits (COLAs) on the inflation rate for a changing set of goods that reflects what people buy, rather than a fixed set of goods, —a method known as the chained CPI.

This proposal would reduce the Social Security shortfall by 19%.

Please select how acceptable or unacceptable this proposal is to you on the scale below.

Not acceptable (0-4).....	26%
VA Republicans .....	24
VA Democrats .....	28
Just tolerable (5).....	28
VA Republicans .....	29
VA Democrats .....	27
Acceptable (6-10).....	44
VA Republicans .....	44
VA Democrats .....	45
Don't know/Refused .....	1
Mean .....	5.4
VA Republicans .....	5.5
VA Democrats .....	5.4

[SP]

*Cost of Living Adjustments (cont.)*

Here is another proposal for recalculating the cost of living adjustment.

***COLA BASED ON GOODS THE ELDERLY TEND TO BUY***

The second proposal for changing the COLA is to use a measure for inflation based on a set of goods that reflects what ELDERLY people tend to buy. Because they spend more than other Americans for

out-of-pocket health care costs and those costs rise faster than average inflation, this method would make the cost of living adjustments go up faster than the present method.

As an illustration, it is estimated that if prices for the current fixed set of goods goes up 2.5% a year, the amount that prices go up for the goods ELDERLY people buy would be 2.7%.

The effect of a higher COLA would compound over time. It is estimated that by making this change, benefits would grow faster, so that 10 years from now they would be 2% more than they would be according to the current method. After 30 years they would be 5.7% more than by the current method.

[SP; DISPLAY Q32 & Q33 ON THE SAME SCREEN]

*Cost of Living Adjustments (cont.)*

Here are arguments in **favor** of and **against** the proposal for a COLA based on what the elderly tend to buy. Please select whether you find each one convincing or unconvincing:

**Argument in Favor of Policy Option**

[Q32.] The whole idea of making cost of living adjustments is that Social Security recipients should not be hurt by inflation. The current system for calculating inflation does not really keep up with inflation for what seniors actually buy, thus reducing their purchasing power. The only fair thing to do is to change the method to reflect reality.

Very convincing.....	26%
VA Republicans .....	18
VA Democrats .....	35
 Somewhat convincing.....	47
VA Republicans .....	46
VA Democrats .....	44
 Somewhat unconvincing.....	20
VA Republicans .....	24
VA Democrats .....	17
 Very unconvincing.....	5
VA Republicans .....	7
VA Democrats .....	4
 Don't know/Refused .....	2

**Argument Against Policy Option**

[Q33.] People can come up with all kinds of arguments for why this group or that group needs to get higher benefit payments. The reality we have to face is that Social Security is in trouble because it will not have the means to meet its obligations. We should be thinking of ways to reduce the shortfall, not make it worse by increasing the cost of living adjustment.

Very convincing.....	23%
----------------------	-----



VA Republicans .....	32
VA Democrats .....	16
Somewhat convincing.....	39
VA Republicans .....	37
VA Democrats .....	40
Somewhat unconvincing.....	24
VA Republicans .....	23
VA Democrats .....	23
Very unconvincing.....	13
VA Republicans .....	5
VA Democrats .....	20
Don't know/Refused .....	2

[SP]

*Cost of Living Adjustments (cont.)*

Now that you have considered all the arguments, here again is the proposal:

**Assessing the Proposal**

[Q34.] Basing the annual cost of living increases for benefits (COLAs) on the inflation rate for a set of goods that reflect what elderly people tend to buy.

This proposal would **increase** the Social Security shortfall by 13%.

Please select how acceptable or unacceptable this proposal is to you on the scale below.

Not acceptable (0-4).....	42%
VA Republicans .....	58
VA Democrats .....	31
Just tolerable (5).....	28
VA Republicans .....	21
VA Democrats .....	31
Acceptable (6-10).....	29
VA Republicans .....	19
VA Democrats .....	39
Don't know/Refused .....	1
Mean .....	4.5
VA Republicans .....	3.7
VA Democrats .....	5.2

**[SP]**

## **FINAL RECOMMENDATIONS**

Congratulations, you have completed evaluating the series of proposals for reforming Social Security. You're almost done.

We would now like you to complete the most important part of this exercise. On the next screen you will see all of the proposals you just evaluated, including the impact each proposal has on the Social Security shortfall. You will then select your own preferred final recommendations.

As you will see, some proposals are mutually exclusive. Thus, in these cases, you will only be able to choose one of them.

In the box on the next screen you will see the amount of the Social Security shortfall you have eliminated. When you make selections that increase the amount of the shortfall, this amount will increase.

Ideally, at the end, your final recommendations will eliminate the Social Security shortfall, as well as covering the cost of any changes that increase the shortfall.

[SP; GRID; DISPLAY GRIDS FOR Q35 THROUGH Q41]

Final Recommendations (cont.)

**PROPOSALS FOR REFORMING SOCIAL SECURITY**

**REDUCING BENEFITS**

**Lowering the Monthly Benefits of Those with Higher Lifetime Earnings**

[Q35 a-c.] You may select ONLY ONE (or NONE) of the following three proposals:

Option	% Reduction in Social Security Shortfall
[Q35a.] Reducing benefits for the upper 25 percent of earners	7%
[Q35b.] Reducing benefits for the upper 40 percent of earners	25%
[Q35c.] Reducing benefits for the upper 50 percent of earners	34%

- a) Selected ..... 42%
  - VA Republicans ..... 39
  - VA Democrats ..... 53
  
- b) Selected ..... 19
  - VA Republicans ..... 16
  - VA Democrats ..... 18
  
- c) Selected ..... 12
  - VA Republicans ..... 14
  - VA Democrats ..... 12

[SPACE]

**Raising the Full Retirement Age**

[Q36 a-c]. You may select ONLY ONE (or NONE) of the following three proposals:

Option	% Reduction
[Q36a.] Gradually raise to age 68 by 2034, and stop there	15%
[Q36b.] Gradually raise to age 69 by 2041, and stop there	21%
[Q36c.] Gradually raise to age 70 by 2064, and stop there	29%

- a) Selected ..... 39%
  - VA Republicans ..... 34
  - VA Democrats ..... 45
  
- b) Selected ..... 18
  - VA Republicans ..... 20
  - VA Democrats ..... 18
  
- c) Selected ..... 26
  - VA Republicans ..... 28

[SPACE]

**INCREASING REVENUES**

[SPACE]

**Raising the Cap on Taxable Earnings**

[SPACE]

Raising the maximum amount of salary and wages (the cap) subject to the Social Security payroll tax

[Q37 a-b]. You may select ONLY ONE (or NONE) of the following two proposals:

Option	% Reduction
[Q37a.] Raising the cap from the current \$113,700 to \$215,000 gradually over 10 years	27%
[Q37b.] Eliminating the cap so that all salary and wages are subject to the payroll tax	66%

- a) Selected ..... 32%
  - VA Republicans .....30
  - VA Democrats .....36
  
- b) Selected .....57
  - VA Republicans .....52
  - VA Democrats .....59

[SPACE]

**Increasing the Payroll Tax Rate**

[SPACE]

These proposals raise the Social Security payroll tax rate from 6.2% for both employees and employers.

[SPACE]

[Q38 a-c.] You may select ONLY ONE (or NONE) of the following three proposals:

Option	% Reduction
[Q38a.] Increase by 0.05 per year for 8 years up to 6.6%	17%
[Q38b.] Increase by 0.05 per year for 14 years up to 6.9%	33%
[Q38c.] Increase by 0.05 per year for 20 years up to 7.2%	49%

- a) Selected ..... 34%
  - VA Republicans .....33
  - VA Democrats .....39
  
- b) Selected .....21
  - VA Republicans .....16
  - VA Democrats .....26
  
- c) Selected .....19

VA Republicans .....	14
VA Democrats .....	19

**MODIFYING BENEFITS**

[SPACE]

**Increasing Benefits**

[Q39 a-b.] You may select BOTH proposals, ONLY ONE proposal, or NONE of these proposals.

Option	% Reduction
[Q39a.] Raising the minimum monthly benefit for those who have worked 30 years or more from \$800 to \$1,216	-7%
[Q39b.] Supplementing benefits of those 85 and over by \$61.50 a month	-5%

a) Selected .....	58%
VA Republicans .....	38
VA Democrats .....	73
b) Selected .....	42
VA Republicans .....	40
VA Democrats .....	42

[SPACE]

**Recalculating Cost Of Living Adjustments (COLAs)**

[SPACE]

[Q41 a-c.] Please note that the first proposal reduces the shortfall, while the second increases it. The third option does not increase or reduce the shortfall. You may select ONLY ONE (or NONE) of the following three proposals:

Option	% Reduction
[Q41a.] Basing annual COLAs on a measure that reflects changes in what people buy, rather than a fixed set of goods (known as 'Chained CPI).	19%
[Q41b.] Basing annual COLAs on the inflation rate for a set of goods that reflect what elderly people tend to buy.	-13%
[Q41c.] Continuing to base annual COLAs on the consumer price index	0%

a) Selected .....	32%
VA Republicans .....	32
VA Democrats .....	31
b) Selected .....	26
VA Republicans .....	17
VA Democrats .....	30
c) Selected .....	28
VA Republicans .....	32
VA Democrats .....	29

**A LIVE NUMBER BOX THAT IS UPDATED AS EACH SELECTION IS MADE: % of shortfall solved**

[Q43:Q44] Here are some of the other ways that the government can deal with the shortfall. Which of the following do you think the government should do? Please select all that apply.

- Borrow the funds.....1%
- Reduce defense spending.....6
- Reduce non-defense spending (such as transportation, veterans' affairs, homeland security, the environment, and other areas) .....3
- Raise other taxes, such as income and corporate taxes.....4
- Let Social Security benefits decrease when the trust fund can no longer pay them in full.....3

**DEMOGRAPHICS**  
**VIRGINIA**

D1. Generally speaking, do you think of yourself as a:

Republican .....	25%
Independent.....	24
Democrat.....	33
Other .....	6
No preference.....	12

[IF D1 = 2, 4, 5, OR SKIPPED/REFUSED]

D1a. You indicated previously that you are either independent, affiliated with another party, or have no political party preference. Do you think of yourself as closer to the:

Republican Party .....	12%
Democratic Party .....	11
Neither.....	19

D1:D1a.

Republican Party .....	36%
Democratic Party .....	45
Independents .....	19

Gender

Male .....	46%
Female.....	54

Race

White, Non-Hispanic .....	77%
Black/ African American, Non-Hispanic.....	18
Hispanic .....	2
Native American .....	<1
Asian, Non-Hispanic.....	2
Two or more races .....	1

Age

18-24 .....	8%
25-44 .....	34
45-64 .....	38
65-74 .....	12
75+ .....	8

Income

Under \$40,000.....	22%
40,000-59,999 .....	18
60,000-74,999 .....	14
75,000-99,999 .....	17
100,000-149,999 .....	30