

Congress of the United States
Washington, DC 20515

December 15, 2010

The Honorable Nancy Pelosi
Speaker of the House
United States House of Representatives
Washington, DC 20515

The Honorable Steny H. Hoyer
Majority Leader
United States House of Representatives
Washington, DC 20515

The Honorable Sander M. Levin
Chairman, Committee on Ways and Means
United States House of Representatives
Washington, DC 20515

Dear Speaker Pelosi, Leader Hoyer, and Chairman Levin:

Democrats have defended Social Security as a sacred trust protecting America's seniors for 75 years. We write today because a dangerous precedent is on the verge of being set, which will jeopardize this pillar of economic security for America's retired workers.

Unintended or not, a consequence of the temporary payroll tax cut incorporated into the recently unveiled tax cut compromise poses a significant threat to Social Security's revenue base. This tax cut proposal risks opening a door Democrats have long fought to keep closed -- budgetary attacks on Social Security. Those insisting on this Social Security tax cut instead of equally or more stimulative approaches are the same Republicans who have worked for years to dismantle guaranteed benefits.

By passing this payroll tax cut and essentially using Social Security revenues to further stimulate the economy, Congress would jeopardize the program's dedicated funding base in an unprecedented way -- even with general revenue funding replacement next year. Future extensions of this Social Security tax cut may force the hard-earned retirement benefits of America's workers to compete with defense programs, children's nutrition, physician reimbursements, and other items for a share of the general budget. We should not provide an opening for those who falsely claim that we cannot afford to keep our promises to future seniors, disabled workers, and families. Under current law, Social Security does not add one penny to the budget deficit, and there is no reason to change that.

If the debate around the expiration of the Bush tax cuts has taught us anything, it is that, fair or not, a so-called temporary tax cut can be quickly re-characterized as an impending tax hike. The expiration of this temporary payroll tax cut at the end of 2011 will force Congress to contend with a 50% hike in the Social Security tax of working families. Undoubtedly, this debate will provide those most determined to dismantle Social Security with an opportunity to argue for a permanent reduction in contributions to this critical program. Social Security will be solvent for the next quarter century, but if this proposed change were to be made permanent, a 2 percent cut in the payroll tax would double Social Security's long-range shortfall and make solvency nearly impossible.

If the goal is to put more money into the pockets of hard-working Americans, Congress has several alternative options without jeopardizing Social Security. For instance, a more efficient, more stimulative alternative is an across-the-board, refundable tax credit like the Making Work Pay initiative, which costs only \$60 billion per year and better targets the benefits towards hardworking middle and lower income families. For the same cost as the proposed payroll tax cut, the Making Work Pay tax credit could be doubled to \$800 for individuals and \$1,600 for families, all without touching Social Security.

America's retirees of today and tomorrow cannot afford shortsightedness. Replacing \$120 billion per year in dedicated, worker contributions with money from the general fund would undermine the secure revenue stream at a time of great economic and political uncertainty. As those who want to cut benefits and privatize the Trust Fund prepare to take over the House, steps should be taken to strengthen Social Security – not weaken it as this proposal would do.

Americans deserve tax relief, but they also deserve a secure retirement. We can have both. If we improve the current compromise by adopting an across-the-board tax credit or a temporary reduction in income tax rates, we can help struggling American families and stimulate the economy without touching Social Security.

Social Security is our nation's most cherished program, and Americans have told us time and time again they are more than willing to pay FICA taxes in exchange for some basic security at retirement or in case of a disabling injury or illness. We believe that it would be a grave mistake to jeopardize the dedicated funding of Social Security, and we respectfully request that any final package the House brings up for consideration does not include a Social Security payroll tax cut.

Sincerely,



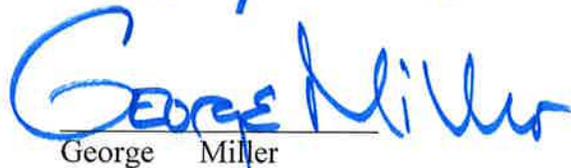
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Lloyd Doggett



John Conyers



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