

Support and Strengthen Social Security

By Dean Baker

Social Security is the country's biggest and most successful social program. It has allowed tens of millions of workers and their spouses to enjoy a dignified retirement. Thanks to Social Security, the poverty rate of seniors is actually somewhat below the poverty rate for the adult population as a whole.

- Social Security is extremely efficient. The administrative costs of running the retirement portion of the program are just 0.4 percent of what is paid out in benefits each year. This is less than one-fiftieth of the cost of getting similar benefits from a private system.
- There is very little fraud in the program. Elon Musk's "Department of Government Efficiency" ran through all our personal files (and inadvertently put them on the cloud) in pursuit of fraud and came up empty-handed. A decade ago, the *Washington Post* did a major investigation of Social Security's records and found that just 0.006 percent of benefits went to dead people. Other analyses have found similar results.
- The program is facing a funding shortfall in the next decade in large part because upward redistribution has meant that a larger share of income goes over the cap for wages subject to the Social Security tax.

Solution: Take Steps to Fix Social Security

Despite being an incredibly successful program, Social Security can be improved. One issue is that the Trust Fund is projected to face a shortfall that would prevent the payment of full scheduled benefits in eight years. This projected shortfall in the program's finances could most immediately be addressed by simply diverting some amount of general revenue to Social Security, as we did in 2011 and 2012 when Congress reduced the payroll tax by 2.0 percentage points to provide an economic stimulus. There would be essentially no economic impact from diverting general revenue to Social Security to cover the shortfall, since this is effectively what we are already doing.

Additionally, a modest increase in benefits would go far towards addressing the problem of seniors still living in poverty. An increase in payments of \$200 a month for low-earning retirees, which could be phased out for middle earners, would hugely improve the lives of millions of elderly.

Other fixes:

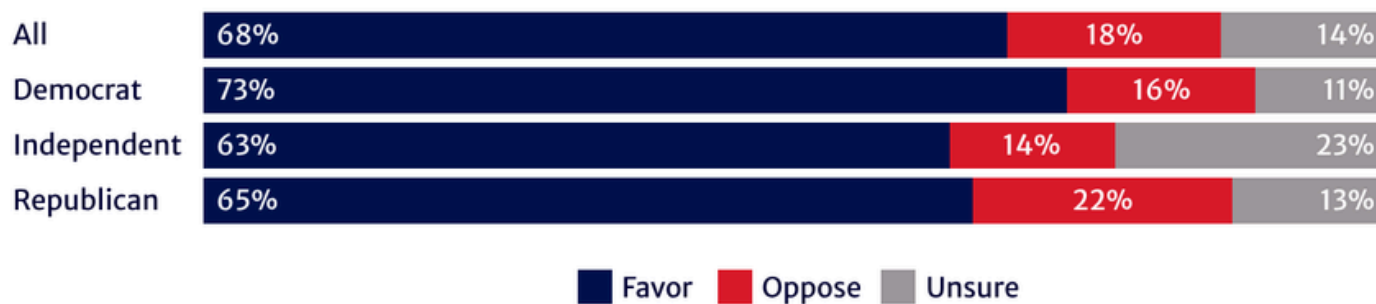
- In 1980, before the sharp upward redistribution of wages, only 10 percent of wage income escaped taxation. Currently, close to 20 percent of wage income goes over the cap and escapes taxation. We can raise the cap to reduce this share to again be 10 percent.
- We can also raise the tax rate in recognition of the fact that we are living longer and enjoying longer retirements. We can set a formula where the tax would rise by no more than one tenth of the real wage increase for the median worker. This will ensure that real wages are rising far more than taxes.
- Social Security spending as a share of GDP will only rise slowly after 2030, as the passing of the huge baby boom cohorts largely offsets projected increases in life expectancy.

Overwhelming Support for Strengthening Social Security

Polls have consistently shown that the vast majority of people favor raising revenue to pay all promised future benefits, rather than cutting benefits to bring Social Security's funding into balance with its payments. For example, a [poll](#) by the National Academy for Social Insurance found that large majorities, regardless of political affiliation, would support eliminating the cap on taxable income to support the program.

Majority Favor Scrapping the Social Security Payroll Tax Cap

Share who favor or oppose eliminating the cap on Social Security payroll taxes by 2030



Source: National Academy of Social Insurance Survey, January 2025.



Social Security is a tremendously important program for tens of millions of people now and for hundreds of millions of people in the future. We can look to improve it to benefit seniors who are struggling. There is no reason Social Security cannot be preserved for many decades into the future, without cuts in benefits.

Resources:

- [Social Security at 90: A Bipartisan Roadmap for the Program's Future](#), **National Academy of Social Insurance**, January 2025.
- [Trump Administration Plans Deep Cuts to Social Security Disability Insurance, Particularly for Older Workers](#), Kathleen Romig, **Center on Budget and Policy Priorities**, October 16, 2025.
- [The Impact of Upward Redistribution on Social Security Solvency \(2020 Update\)](#), Hayley Brown and Dean Baker, **CEPR**, May 27, 2020.
- [Working the Graveyard Shift](#), Emily Garr and Monique Morrissey, **Economic Policy Institute**, May 5, 2009.
- [The Truth About Social Security](#), Nancy Altman, **Social Security Works**, 2018.