

HOUSE GOP BUDGET: A FAST-TRACK TO LOWER SOCIAL SECURITY BENEFITS

Sets Forth an Unprecedented New Fast-Track Procedure to Ram through Social Security Benefit Cuts. The budget resolution lays out a fast-track process that Budget Chairman Paul Ryan describes as “forcing” action on Social Security legislation in the House and the Senate. (Section 502(b) of the Chairman’s Mark)

- Specifies that any time the Social Security Trustees Report shows a shortfall within 75 years, the committee of jurisdiction must report Social Security legislation which will fully close the shortfall by January 30th, and the House and Senate must take up the legislation under “expedited procedures.” (Section 502(b)(3) of the Chairman’s Mark)
- The fast-track for Social Security changes is unprecedented in the history of budget resolutions – the only Social Security procedural provisions in past budget resolutions were to protect the trust fund, the exact opposite of what this fast-track is intended to do.
- The Budget Act does not allow regular fast-tracking (called budget reconciliation) for Social Security, which is why Chairman Ryan needed the special new process to trigger benefit cuts instead of just requiring the cuts directly. (Section 310(g) of the Congressional Budget Act of 1974)

Praises Specific Benefit Cuts for Middle-Income Americans While Appearing to Rule Out Other Options. The summary that accompanies the legislative text appears to rule out a balanced package – instead, it praises benefit cut proposals and criticizes proposals to increase Social Security contributions (Budget Committee Summary, p. 47)

- The summary specifically praises two benefit cuts recommended by the co-chairs of the President’s Fiscal Commission and says Republicans plan to “build on” the Commission proposals except for the contribution changes. The benefit cuts highlighted in the summary are:
 - Raising the retirement age, which affects all beneficiaries, and
 - Cutting future Social Security benefits for everyone who earned more than \$27,000 a year while working (similar to the benefit cut proposed by President Bush in 2005 as part of his privatization plan).

- In contrast, the summary describes raising the cap on taxable earnings to require wealthy Americans to pay their fair share of payroll taxes, generally the most popular Social Security reform in public opinion research, as a change that would cause “profound economic damage.”

Chairman Ryan has previously introduced legislation to cut benefits for middle-income Americans by 39-51 percent.

Suggests that Congress Will Not Honor the Treasury Bonds in the Social Security Trust Fund. The summary says that the \$2.6 trillion in reserves generated by worker contributions to the Social Security Trust Fund “are derived from dubious government accounting,” implying that the Republican Congress might not redeem the Treasury bonds in the Trust Fund when they are needed to pay benefits that are owed. (Budget Committee Summary, p. 48)

Is the New Fast-Track Significant? Social Security is self-financing and legally prohibited from borrowing or spending more than is in its trust fund. As a result, Social Security is normally off-limits in a budget resolution. For example, the Budget Act includes the following specific protections for Social Security:

- **Social Security cuts cannot be included in deficit reduction totals.** Section 301(a) of the Congressional Budget Act of 1974 specifies that Social Security is “off budget” and cannot be included in any surplus or deficit totals.
- **Reconciliation cannot be used to cut Social Security.** The procedural fast-track that is the budget resolution’s most powerful tool cannot be used to make changes to Social Security. Section 310(g) of the Congressional Budget Act of 1974 specifies that it will not be in order in either the House or the Senate to consider a reconciliation bill (or an amendment to a reconciliation bill) that affects Social Security.

Because the normal budget resolution procedures for forcing cuts (budget allocations and reconciliation) were not available to cut Social Security, the Republican budget had to outline a special new fast-track process just for Social Security.