

The Daily Dish

How Not to Reform Social Security

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Regular readers of Eakinomics are aware that the credits accumulated in the Social Security trust fund will exhaust in 2032, at which point benefits may be paid only with the payroll tax revenues deposited each year. Thus, the plain fact is that under current law, Social Security recipients will face a cut in their benefits of roughly 25 percent. The increasing recognition of this fact is generating a beneficial momentum to reform Social Security, which Eakinomics hopes will happen quickly.

So, imagine the excitement when this showed up on *X*, courtesy of Senator Ron Johnson:

> *Glad I got everyone's attention…*
>
> *Now who's willing to cosponsor a bill that actually stops scaring seniors?*
>
> *My Stop Scaring Seniors Act simply prevents Social Security benefits from being reduced when the trust fund is depleted.*

So, is this the first salvo in a spirited debate over the best way to reform Social Security? No. The Stop Scaring Seniors Act does two things. First, it authorizes a transfer each month from the Treasury to the trust fund in an amount equal to the shortfall between promised benefits and actual payroll tax revenues. So, when 2032 rolls around, there will be enough dollars in the trust fund to avoid any cut in benefits. Sounds good, right?

Here's the problem: Since spending outside Social Security is unchanged, and revenues are unchanged, the Treasury can only get its hands on the money to transfer by borrowing it. So this "reform" is simply statutorily automating Congress' dangerous tradition of simply borrowing more and more without any restraint or reform.

Readers might think: "That's horrible" and they'd be right. But it gets worse. The second

thing the Stop Scaring Seniors Act does is establish that any borrowing to effectuate the transfers does not count toward the debt limit! Not only does the legislation automate congressional malfeasance, it evades any congressionally set limits on that malfeasance.

This isn't Social Security reform. It isn't even a nothingburger. It is actually anti-reform because it removes the legal provisions that are prompting reform. That is a terrible step in the wrong direction.

The Stop Scaring Seniors Act should scare seniors – and everyone else – to death.