



NEWS from U.S. Senator Bob Dole

(R.—Kans.)

New Senate Office Building, Washington, D.C. 20510 (202) 224-6521

FOR IMMEDIATE RELEASE
TUESDAY, MAY 10, 1977

DOLE OPPOSES GENERAL REVENUE FUNDING OF SOCIAL SECURITY TRUST FUND

WASHINGTON, D.C.-- Following is a statement made today on the floor of the Senate by Senator Bob Dole:

SOCIAL SECURITY FUNDING

When it was first established, the Social Security system was designed to give working contributors a way of insuring against loss of income in their retirement years. It was never intended to be a general public pension or welfare program. But benefits have been increased and more people covered far beyond what the payments of their generation would finance. The Social Security Trust Fund is being drained faster than the payroll taxes are coming in.

Consequently, there is both a short-run financing problem and a more drastic long range question. Our immediate concern must be how to keep the fund solvent over the next few years. Looking ahead into the next century, when there will be more retirees and proportionally fewer wage-earning workers, the program will either have to be revised or new sources of financing found.

SLIGHT PAYROLL TAX INCREASE NECESSARY

I believe we should reinforce the Fund and calm any fears about its financial integrity by providing for a slight increase in the payroll tax rate -- whatever is necessary to meet the short term obligations. It would be wrong to remove the ceiling over the amount of annual wages taxed. The payroll tax already takes a big bite out of the paychecks of middle-income earners. More than half the work force now pays more in social security taxes than in income taxes. Under current plan, the wage base -- or annual wages subject to social security tax withholding -- increases automatically as average wages of all workers go up. Buffeted by inflation, middle-class families cannot be made to bear a still greater share of the social security financing load for the retired generation. Applying the tax on employers to total payrolls -- without limitation -- would be equally ill-advised. By adding to business costs, prices would go up still further and some employers would be forced to eliminate jobs. So it would simultaneously cause more unemployment and higher prices.

GENERAL REVENUE FUNDING COULD JEOPARDIZE STABILITY

I do not favor the mixture of funds from the general federal treasury with the Social Security Trust Fund. During their working years Americans have been willing to pay into the fund to help support those who are retired because the system was viewed as an insurance and not a welfare program. A decision now to convert social security into a guaranteed annual income scheme for the entire elderly population would be a serious mistake that could jeopardize the stability of the program. Our workers have been generous with their support of social security because they believed their contributions were being put aside and the government was acting as trustee. A gigantic income maintenance system financed partly by payroll taxes and partly by general revenues would be unacceptable to the American people. The President's proposal to dip into general tax revenues whenever the unemployment rate is over 6 percent would be only the opening wedge. Once the general revenue financing precedent was set, there would be no stopping the siphoning of more and more resources from the treasury to replenish the Trust Fund.

Basic decisions affecting the long-term future direction of Social Security should be made only after the American people have thoroughly considered what they want the program to be in the 21st century. That reassessment should begin immediately. But in the meantime we are not ready to make the necessary choices on a matter so vital to unborn generations.