

News from Senator

BOB DOLE



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DOLE SAYS GENERAL REVENUE FINANCING UNPOPULAR IN CONGRESS

WASHINGTON -- Senator Bob Dole (R.-Kan.), Chairman of the Senate Finance Committee, made the following statement today against the general fund financing of Social Security:

"I applaud the action of the White House Conference on Aging Committee on Economic Well Being in going on record against the general fund financing of Social Security. I believe that general fund financing of this most important social program is equally unpopular in the Congress. Further, there is almost no support for it on the Finance Committee and, I understand, little if any among members of the Ways and Means Committee.

"General revenue financing of social security has been considered and rejected since the program was enacted in 1935. It would unlink benefits from the workers' earnings and tax payments. It would obscure individual taxes and make the cost of the program more difficult to control. Public confidence in the system could well be eroded, rather than enhanced.

"Under the current system, most workers perceive their benefits as a matter of right acquired by the payroll taxes deducted from their paychecks. The "earned" character of the benefits and the "earned right" to those benefits are basic principles on which the Social Security system was founded and in large measure account for the support of the American public for this program.

"Introducing general revenue financing into Social Security would weaken the long-standing tie between what a worker earns and the benefit he receives and would run the risk of weakening workers' acceptance of the system.

"General revenue financing of part or all of Social Security could also have the undesirable effect of leading to means-testing of benefits. The nature of the program may be changed radically from a social insurance program to a welfare-based program.

"The payroll tax method of financing Social Security has long been associated with a commitment to fiscal responsibility.

"To this point, Congress has always had the determination--in fact has required itself by virtue of the payroll tax--to look at the cost side, as well as the benefit side of the equation whenever Social Security matters have been considered. This fact is a cornerstone of the fiscal soundness of the system.

(over)

"Using general revenues to alleviate either the short or long-term Social Security financing problems would be a grievous and potentially costly mistake. General revenues translate into higher taxes or increased deficits. Such an approach is simply not responsible at this point: it threatens the character of the benefits and undercuts the sense of fiscal discipline with which we must act to restore and maintain the integrity of our Social Security system.

"Another point which must be made is that there are no general revenues available. Social Security expenditures already account to 28 percent of all federal expenditures. Allowing even limited infusions of general revenues will increase that percentage and further expand that portion of the budget considered "untouchable" and uncontrollable."