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How to Save Social Security

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There are a lot of charts, numbers, and projections in the annual report released by the Social Security Trustees Friday, but they really boil down to this: Social Security's trust fund has 20 years to live.

Started in 1935 as the first major strand in America's safety net, Social Security will arrive at insolvency at the venerable age of 98. By ignoring this reality, Congress is guaranteeing that the program's reserves will expire, forcing benefits for the retired and disabled to immediately fall by 23 percent starting in 2033.

But the retired and disabled won't be the only victims. The rising cost of Social Security and health care programs is crowding out investments in kids and future generations. In the mid-1960s, the federal government spent three dollars on investments — in education, research, and infrastructure — for every one dollar on entitlements. In 2023, it will spend one dollar on investments for every five dollars on entitlements. That means less money for teaching kids, curing diseases, and building roads.

The question now is whether the same dysfunctional Congress that cannot seem to muster enough votes to name a post office can touch the third rail of politics, to keep Social Security from going down and taking public investments with it.

To that we answer a loud no and yes. No, Congress is unable to develop and pass a Social Security solvency plan with the necessary super majority in the Democratic Senate and a majority in the Republican House. That piece of legislation is a fantasy. But the same two chambers could pass a law that outsources the job to a commission, to develop the plan and leave Congress in the position with only two choices: vote yes on the commission plan to save Social Security or vote no to let its financing dry up.

Here is why we believe a Social Security Commission can succeed where Simpson-Bowles failed.

First, this is how Social Security was fixed in the past. The last time Social Security was on its deathbed, President Ronald Reagan and congressional leaders appointed a commission, led by Alan Greenspan, to develop a 75-year solvency plan. The plan included a balance of tax increases and benefit reductions and laid the groundwork for a bill that passed both chambers and was signed by the president.

The Greenspan Commission plan promised to make Social Security solvent for 75 years. In the end, the law achieved 50 years of solvency — which by government standards is pretty good work. Seniors kept receiving the Social Security benefits they needed; members of Congress got reelected without much of a fight. Most everyone was happy.

Second, Simpson-Bowles (which we hailed and endorsed) failed because it tried to be to the federal budget what King James was to the Bible. It would have practically rewritten the whole thing, from the tax code to entitlements to national defense. It is very hard to imagine elected officials handing over rewrites of the tax code, entitlements, and the rest of the budget to an unelected commission.

To stack the odds against Simpson-Bowles even further, it was comprised of far too many elected officials beholden to their own leadership. And, the vote threshold was far too high, requiring 14 of 18 in favor to move the plan to Congress. That Simpson-Bowles achieved the level of success that it enjoyed — essentially defining the budget debate — was a miracle. It was designed, frankly, to fail.

Third, the politics favor a commission. Social Security can only be fixed under divided government, because no one party wants to shoulder the entire solution — which inevitably includes a mix of tax hikes and benefit cuts — on its own. We certainly have divided government now.

In addition, a commission-led fix would give each party something it wants.For Democrats, a Social Security fix is the surest path to more revenue, which would come almost entirely from high-income workers, likely through a partial lifting of the payroll tax. A fix would also protect the vulnerable for generations and guarantee that the program is extended to many more generations. For Republicans, a fix would narrow the gap between total federal spending and revenue. And it would end the Democratic drumbeat that Republicans are out to end Social Security as we know it.

A national commission on Social Security is modest and practical. It should guarantee solvency for at least 75 years. Members of Congress should be required to either vote yes or no, or offer a substitute amendment that also achieves 75 year solvency.

If it votes no, Congress will be abdicating responsibility, jeopardizing retirement security for all Americans and plaguing public investments in future generations.

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