Congress of the United States Washington, DC 20515

August 21, 2020

President Donald J. Trump The White House 1600 Pennsylvania Ave, N.W. Washington, D.C. 20500

Dear President Trump,

We write to demand that you reverse your recent executive action on Social Security payroll taxes and abandon your call to defund Social Security by eliminating the payroll tax permanently. This effort undermines and destabilizes Social Security, our nation's most essential and most popular insurance program providing retirement, disability, and surviv ors' benefits. This memorandum lays the groundwork for eliminating Social Security's dedicated funding, undercutting decades of financial stability for Americans who rely on this program during their retirement years. There is no doubt that the American economy needs important measures to recover from the crisis created by COVID-19, but this unilateral action only deepens the pain of the 50 million Americans who have filed for unemployment, not to mention the hundreds of millions who currently rely on Social Security or will do so in the future. This proposal shows that you clearly do not understand the needs of everyday Americans. We demand that you revoke this misguided, dangerous action, renounce your plan to eliminate the payroll tax, and publicly announce your support for the Heroes Act.

The payroll tax, officially known as the Federal Insurance Contribution Act (FICA) payment, is critical to the success of the Social Security (and Medicare) programs. FICA is a contribution every worker makes each and every paycheck in exchange for guaranteed benefits backed by the full faith and credit of the U.S. government. In each paycheck, 6.2 percent is automatically deducted and placed into the Old Age, Survivors, and Disability Insurance (OASDI) Trust Fund to fund the Social Security program and support beneficiaries. These are investments or down payments that Americans pay to support the prior generation, knowing they will be afforded the same benefit by the next generation. According to the Social Security Administration, Social Security provided nearly \$90 billion in monthly benefits to 64.6 million retired workers, disabled workers, and their spouses, survivors, and dependents in April 2020.

In the midst of dual healthcare and economic crises caused by the COVID-19 pandemic, cutting this tax is irresponsible economic policy. First, and perhaps most importantly, this action does nothing to help the millions of Americans not currently receiving paychecks because of massive layoffs and furloughs as a result of your Administration's failure to contain and control the impacts and spread of the virus. Second, even for workers supposedly affected, it is entirely ineffective as a stimulus measure. It merely defers payments until next year, meaning Americans will face a steeper tax bill in the coming year. Meanwhile, it does not change employers' legal requirement to withhold the payroll taxes from paychecks. A key premise of your proposal was that deferral of this tax would mean more money goes to workers, but there is no guarantee that

companies would actually do this. Moreover, the effects of this deferral will be regressive, providing little help to lower earners.

Alarmingly, you have also threatened to extend the deferral permanently by "terminating" the payroll tax altogether, with "no reimbursement" which would permanently defund and undermine Social Security. According to the Center for American Progress, under this plan, the Trust Funds would not have enough to pay full benefits beginning in 2026, resulting in a 41 percent cut in benefits across the board. This callous attack on the cornerstone of Americans' retirement security – also our nation's number-one anti-poverty program and earned benefits program, and the financial lifeline for millions of Americans – cannot be allowed to stand.

In short, your ill-conceived action undermines Social Security, does not put money in the pockets of struggling, unemployed Americans, is not an effective stimulus measure, and creates unnecessary chaos among workers and employers. This new half-hearted attempt to throw a bone to some will leave millions more Americans in potential financial ruin with their Social Security benefits in question. Unfortunately, we are not surprised because you have spent your entire time in the White House attacking working families with unprecedented vitriol. We demand you rescind this memorandum immediately, abandon your call to defund Social Security, and announce your support for the Heroes Act since you are not capable of developing a plan which matches the urgency that this moment demands on your own.

Sincerely,

Joseph P. Kennedy, III Member of Congress John B. Larson Member of Congress

Jan SchakowskyPeter A. DeFazioBobby L. RushMember of CongressMember of CongressMember of Congress

Veronica EscobarDebbie DingellChellie PingreeMember of CongressMember of CongressMember of Congress

John GaramendiThomas R. SuozziG. K. ButterfieldMember of CongressMember of CongressMember of Congress

 $^{^{1}} Remarks on August 9,2020 (\underline{https://www.whitehouse.gov/briefings-statements/remarks-president-trump-air-force-one-departure-morristown-nj-081020/) and August 10,2020 (\underline{https://www.whitehouse.gov/briefings-statements/remarks-president-trump-press-briefing-august-10-2020/).}$

² https://www.americanprogress.org/issues/economy/news/2020/08/12/489401/trumps-plan-defund-social-security/

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