

Congress of the United States
House of Representatives
Washington, DC 20515

September 11, 2020

President Donald Trump
1600 Pennsylvania Ave NW
Washington D.C., 20500

Dear President Trump,

We write in strong opposition to your recent executive action allowing employers to defer their employees' payroll taxes that fund Social Security. While we share your concern about the security of American workers and families during the unprecedented economic downturn caused by this pandemic, we urge you to work with Congress to pass a relief bill that directly addresses the employment crisis at hand. Likewise, we strongly encourage you to work with Congress to strengthen Social Security and ensure its continued viability – not cut it nor rob it of its dedicated revenue.

Since 1935, Social Security has been the foundation of a dignified retirement after a lifetime of work for millions of Americans. It also provides the most important, and often only, disability insurance and life insurance that working families have. Social Security has low administration costs and participation is near universal: nearly every worker in America pays 6.2% out of their paychecks in exchange for guaranteed benefits when they are no longer able to work. These benefits are backed by the full faith and credit of the United States. In 2019, about 178 million Americans paid into Social Security and the program paid out benefits to around 64 million people, reaching about 97% of the total elderly population.^{1 2} Because of Social Security, senior citizens can live with dignity in their old age, workers can support themselves after suffering an injury, and widowed spouses and children can remain financially stable after a worker's sudden death.

On August 8, 2020 you signed a memorandum instructing the Secretary of Treasury to defer the collection of the payroll tax beginning on September 1st. You also instructed the Secretary to explore legislative options to eliminate the tax completely. During the signing ceremony, you pledged to campaign "to forgive these [deferred] taxes and make permanent cuts to the payroll tax."³

We are concerned that your memorandum is unworkable for employers and employees alike. It puts employers in our districts in the difficult position of either refusing to boost their workers' paychecks in the short term or exposing their workers to unexpected and significant tax liabilities when the deferral period ends. It is unworkable to implement a system where individual employees make the decision on whether to withhold the deferred taxes – leaving employers to implement different tax systems for different employees – and it is unfair to force employers to make such a decision on their employees' behalf.

¹ 2020 Annual Report Of The Board Of Trustees Of The Federal Old-Age And Survivors Insurance And Federal Disability Insurance Trust Funds. <https://www.ssa.gov/oact/tr/2020/tr2020.pdf>

² Social Security Administration Research, Statistics, and Policy Analysis. <https://www.ssa.gov/policy/docs/population-profiles/never-beneficiaries.html>

³ Washington Post, "Trump promises permanent cut to payroll tax funding Social Security and Medicare if he's reelected," August 8, 2020, <https://www.washingtonpost.com/us-policy/2020/08/08/trump-payroll-tax-cut/>

This is especially true for federal employees, who are required to participate in your deferral scheme. According to a notice from the Agriculture Department's National Finance Center, the deferral will go into effect for the federal workforce as soon as September 8th. Employees will temporarily see bigger checks but could face unexpected tax liabilities of more than \$2,000 at the end of the deferral period.

Even as it creates an administrative nightmare for employers and employees alike, the deferral of Social Security contributions does not help individuals who have lost their jobs and their paychecks during the public health emergency. More than 28 million people are drawing unemployment currently. According to the Department of Labor, for the week ending on August 15th, 1.1 million Americans filed unemployment claims.⁴ We urge you to work with Congress to find solutions that will help needy families struggling to get by on their much-reduced unemployment benefits instead of pursuing policies that fail to address the real crisis at hand.

Finally, this policy threatens the long-term viability of Social Security. In 2019, the payroll tax accounted for 89% of revenue for the Federal Old-Age and Survivors and Disability Insurance Trust Funds (OASDI), which pays Social Security's benefits. The permanent cut envisioned in your memorandum and subsequent comments would require Social Security to draw on the OASDI's \$2.9 trillion reserve fund to continue paying benefits on time, hastening the reserve's depletion and jeopardizing the earned benefits of millions of Americans.

In short, we believe the August 8 memorandum is unworkable for employers and employees and does not help the millions of Americans in dire need of financial assistance. Perhaps worse, the unilateral, unprecedented authority you claimed in issuing that memorandum threatens the viability of the Social Security system. We urge you to reverse course and work with Congress to strengthen Social Security for future generations, assist those American suffering during the COVID-19 public health emergency, and prevent burdening workers with an unexpected tax bill early next year.

Sincerely,



Abigail D. Spanberger
Member of Congress

Abby Finkenauer
Member of Congress

Jim Cooper
Member of Congress

Conor Lamb
Member of Congress

Jared Golden
Member of Congress

Cindy Axne
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⁴ Department of Labor Press Release, August 27, 2020. <https://www.dol.gov/ui/data.pdf>