
Boomers May Regret Payroll Tax Holiday: Op-Ed

By Editor Test Tue, Dec 28, 2010

If made permanent, a new Social Security 'payroll tax holiday,' reducing the 'match' employers pay from 6% to 4% of salary, will drop the solvency of the program 14 years, from 2037 to 2023, two policy experts say.

A former chief of staff of the House Select Committee on Aging and a policy analyst assert in an [op-ed](#) in the *Palm Beach Post* that the tax deal passed by Congress last week is a major threat to the solvency of Social Security.

Robert Weiner, the former chief of staff, and Jonathan Battaglia write, "Under the radar screen, the new tax deal is threatening the livelihood of America's present and future seniors — to line the pockets of millionaires.

"If made permanent, a new Social Security 'payroll tax holiday,' reducing the 'match' employers pay from 6% to 4% of salary, will drop the solvency of the program 14 years, from 2037 to 2023. At the same time, Congress agreed to increase high-end loopholes in the estate tax, exempting 39,000 estates worth as much as \$5 million."

Weiner and Battaglia said the most dangerous part of the deal is that the payroll tax holiday could become permanent. "The new philosophy in Congress seems to be 'once a cut, always a cut.' When the payroll tax holiday expires in a year, Republicans will insist on keeping it, just as they did with the Bush tax cuts for the wealthy."

They say that Congress can "dig themselves out" of the problem the same way President Obama and Congress extended Medicare reimbursements for physicians: "Congress should have adopted an amendment to the tax bill proposed by some far-sighted lawmakers that would have replaced changes in payroll taxes with a one-year credit to provide tax relief to businesses, while not threatening the solvency of the Social Security trust fund.

"Instead, Congress broke down the firewall of separate Social Security funding and gave it to general revenue to help business—and the heck with seniors."

Weiner and Battaglia cited the courage of the late congressman Claude Pepper, who stood up to Carter Commerce Secretary Juanita Kreps' suggestion to increase the retirement age to 68 for full Social Security benefits and got her to back off.

"That's the courage we need from somewhere now. Congress should clean up the mess it just created for seniors, and for all the young and middle-aged who hope to grow old."