
HOUSE CONCURRENT RESOLUTION

URGING THE CONGRESS OF THE UNITED STATES TO PROTECT SOCIAL
SECURITY BENEFICIARIES BY RAISING THE CAP ON WAGES THAT ARE
SUBJECT TO TAXATION UNDER THE FEDERAL INSURANCE
CONTRIBUTIONS ACT AND OPPOSING THE ADOPTION OF THE CHAINED
CONSUMER PRICE INDEX TO CALCULATE THE COST OF LIVING
ADJUSTMENT ON BENEFITS.

1 WHEREAS, nearly every American participates in the Social
2 Security system, first as a worker and then as a beneficiary
3 later in life; and
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5 WHEREAS, millions of children live in families that receive
6 Social Security benefits and some children receive their own
7 benefits as dependents of disabled or deceased workers; and
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9 WHEREAS, Social Security benefits are particularly
10 important for individuals who have had low earnings throughout
11 their working lifecycle or less opportunities for income growth
12 and savings; and
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14 WHEREAS, the Social Security Administration estimates that
15 97 percent of people between sixty and eighty-nine years old
16 either receive, or will receive, Social Security benefits; and
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18 WHEREAS, Social Security has run a surplus every year since
19 1984 because Social Security has collected more in revenue than
20 it pays out in benefits; and
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22 WHEREAS, the costs incurred to provide Social Security
23 benefits will grow in the coming years as more people retire;
24 and
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26 WHEREAS, Social Security will face a significant long-term
27 funding shortfall in 2034, after which time Social Security



1 trust funds are expected to run out of Treasury bonds to cash in
2 to pay for full benefits and the program benefits would then be
3 reduced to approximately 77 percent of the scheduled benefits;
4 and

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6 WHEREAS, addressing the Social Security shortfall will
7 require action by lawmakers that requires a choice between
8 increasing payroll taxes, reducing benefits, or some combination
9 of the two options; and

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11 WHEREAS, because Social Security revenue comes primarily
12 from payroll taxes levied under the Federal Insurance
13 Contribution Act, or FICA, one option to address the shortfall
14 without decreasing benefits is by raising or eliminating the cap
15 on taxable wages, which was \$127,200 in 2017; and

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17 WHEREAS, raising or eliminating the payroll tax cap would
18 only affect the highest earning workers because the cap excludes
19 all income above the cap from FICA taxes; and

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21 WHEREAS, raising the payroll tax cap is not an
22 extraordinary step as policymakers have raised the Social
23 Security payroll tax cap many times in the past; and

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25 WHEREAS, the Social Security program is structured so that
26 benefits will keep pace with inflation through an automatic cost
27 of living adjustment to ensure that beneficiaries do not fall
28 into poverty as they age; and

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30 WHEREAS, the Social Security Administration uses the
31 Consumer Price Index for Urban Wage Earners and Clerical
32 Workers, or traditional CPI, which is a statistical measurement
33 in the change in price of a set of goods and services purchased
34 by households, to annually adjust benefits paid to Social
35 Security beneficiaries; and

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37 WHEREAS, some policymakers propose to use another
38 measurement of inflation, the chained Consumer Price Index, or
39 chained CPI, which also measures the change in price of a set of
40 goods and services but adjusts for substitution bias, or the
41 tendency for consumers to change their purchasing behavior as
42 prices change; and



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1 WHEREAS, the chained CPI will show a slower pace of price
2 increases because the substitution bias exerts a downward
3 pressure on the measure of inflation; and
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5 WHEREAS, the annual adjustments in Social Security benefits
6 using the chained CPI will result in slower growth of benefits
7 compared to the annual adjustment using the traditional CPI; and
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9 WHEREAS, the ability to purchase the goods and services
10 over time using Social Security benefits will grow at a slower
11 rate, or will be eroded, when the cost of living adjustment is
12 based on the chained CPI rather than the traditional CPI; and
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14 WHEREAS, ensuring Social Security's solvency should not
15 come at the expense of providing inflation-protected benefits
16 for Social Security beneficiaries; now, therefore,
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18 BE IT RESOLVED by the House of Representatives of the
19 Twenty-ninth Legislature of the State of Hawaii, Regular Session
20 of 2018, the Senate concurring, that the Congress of the United
21 States is urged to protect Social Security beneficiaries and
22 shore up the Social Security program by raising the current
23 payroll tax cap on wages that are subject to taxation under
24 FICA; and
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26 BE IT FURTHER RESOLVED that the Congress of the United
27 States is urged to prevent the erosion of Social Security
28 benefits as a result of inflation by opposing the use of the
29 chained CPI to calculate the annual cost of living adjustment
30 for Social Security benefits; and
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32 BE IT FURTHER RESOLVED that certified copies of this
33 Concurrent Resolution be transmitted to the Majority Leader of
34 the United States Senate; the Speaker of the United States House
35 of Representatives; and the members of Hawaii's Congressional
36 Delegation.
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OFFERED BY: 

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