
HOUSE 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
28 trust funds are expected to run out of Treasury bonds to cash in
29 to pay for full benefits and the program benefits would then be



1 reduced to approximately 77 percent of the scheduled benefits;
2 and
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4 WHEREAS, addressing the Social Security shortfall will
5 require action by lawmakers that requires a choice between
6 increasing payroll taxes, reducing benefits, or some combination
7 of the two options; and
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9 WHEREAS, because Social Security revenue comes primarily
10 from payroll taxes levied under the Federal Insurance
11 Contribution Act, or FICA, one option to address the shortfall
12 without decreasing benefits is by raising or eliminating the cap
13 on taxable wages, which was \$127,200 in 2017; and
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15 WHEREAS, raising or eliminating the payroll tax cap would
16 only affect the highest earning workers because the cap excludes
17 all income above the cap from FICA taxes; and
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19 WHEREAS, raising the payroll tax cap is not an
20 extraordinary step as policymakers have raised the Social
21 Security payroll tax cap many times in the past; and
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23 WHEREAS, the Social Security program is structured so that
24 benefits will keep pace with inflation through an automatic cost
25 of living adjustment to ensure that beneficiaries do not fall
26 into poverty as they age; and
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28 WHEREAS, the Social Security Administration uses the
29 Consumer Price Index for Urban Wage Earners and Clerical
30 Workers, or traditional CPI, which is a statistical measurement
31 in the change in price of a set of goods and services purchased
32 by households, to annually adjust benefits paid to Social
33 Security beneficiaries; and
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35 WHEREAS, some policymakers propose to use another
36 measurement of inflation, the chained Consumer Price Index, or
37 chained CPI, which also measures the change in price of a set of
38 goods and services but adjusts for substitution bias, or the
39 tendency for consumers to change their purchasing behavior as
40 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, that the Congress of the United States is urged to
21 protect Social Security beneficiaries and shore up the Social
22 Security program by raising the current payroll tax cap on wages
23 that are subject to taxation under FICA; and
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25 BE IT FURTHER RESOLVED that the Congress of the United
26 States is urged to prevent the erosion of Social Security
27 benefits as a result of inflation by opposing the use of the
28 chained CPI to calculate the annual cost of living adjustment
29 for Social Security benefits; and
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31 BE IT FURTHER RESOLVED that certified copies of this
32 Resolution be transmitted to the Majority Leader of the United
33 States Senate; the Speaker of the United States House of
34 Representatives; and the members of Hawaii's Congressional
35 Delegation.
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OFFERED BY: 

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