



## SOCIAL SECURITY

Office of the Chief Actuary

December 6, 2011

The Honorable Timothy F. Geithner  
Secretary of the Treasury  
Washington, D.C. 20220

The Honorable Jacob J. Lew  
Director, Office of Management and Budget  
Washington, D.C. 20503

Dear Mr. Geithner and Mr. Lew:

We have reviewed the language in the “Middle Class Tax Cut Act of 2011” (S. 1917), introduced on November 28, 2011 by Senator Casey. We estimate that the enactment of this bill would have a negligible effect on the financial status of the Old Age and Survivors Insurance and Disability Insurance (OASDI) program in both the near term and the long term. We estimate that the projected level of the OASI and DI Trust Funds would be unaffected by enactment of this provision.

Section 101 of the bill would make the following changes for payroll tax rates and OASDI financing: (1) for wages and salaries paid in calendar year 2012, reduce the payroll tax rate paid by all employees on all taxable remuneration by 3.1 percentage points, and reduce the payroll tax rate paid by each employer by 3.1 percentage points on the first \$5 million of remuneration paid by that employer; (2) for self-employment earnings in calendar year 2012, reduce the OASDI payroll tax rate by 6.2 percentage points on that portion of net earnings from self employment that, when combined with remuneration of employees of the self-employed person that are affected by this section, do not exceed \$5 million, and reduce the payroll tax rate by 3.1 percentage points for that portion of taxable net earnings from self employment in excess of this \$5 million level; (3) transfer revenue from the General Fund of the Treasury to the OASI and DI Trust Funds so that total revenue for the trust funds would be unaffected by this provision; and (4) credit earnings to the records of workers for the purpose of determining future benefits payable from the trust funds so that such benefits would be unaffected by this provision. Other sections of the bill would have no direct effects on the OASDI program.

Sincerely,

Stephen C. Goss  
Chief Actuary