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Federal Budget Tip Sheet: Social Insurance and Earned Benefits

Key Fact: Social insurance is made up of programs that help workers and their families replace part of income lost due to unemployment, disability, retirement, or death, as well as ensure access to adequate health care. Every year, millions of Americans rely on programs like Social Security, unemployment insurance and Medicare. These programs will touch nearly all Americans, as most people draw Social Security when they retire or require medical care in old age.

Federal Spending on Social Insurance: Social insurance and earned benefits are funded through mandatory spending. Unlike discretionary spending that is determined with the annual approval of Congress, mandatory spending is controlled through eligibility requirements and benefit levels specified in existing authorizing legislation.

**Average Social Security and
Unemployment Insurance Benefit**

Social Security: \$1,187 per monthⁱ

Unemployment Insurance: \$320 per weekⁱⁱ

Key Programs: Social Security is a social insurance program that workers and their employers pay into. The program serves about 59 million people every year by providing retirement and disability benefits to workers and their families, as well as survivor benefits to the spouses and dependents of deceased workers. **Unemployment Insurance** is a federal-state social insurance program that provides temporary income to those who have lost their jobs through no fault of their own and who are ready, willing, and able to work. Another key social insurance program is Medicare. See bit.ly/NPPhealthcare for more on federal health care programs.

President Obama's 2015 Budget: In fiscal 2015, the president opted to exclude a proposal included in his fiscal 2014 budget that would measure cost-of-living adjustments (COLAs) differently. In 2014, President Obama proposed measuring COLAs through the chained consumer price index, which would result in lower annual cost of living adjustments and, in turn, would reduce Social Security benefits.

Social Security Is Not Going Broke: Social Security is funded with a payroll tax that comes directly out of your paycheck, and it does not face an urgent funding crisis. Workers paying into the Social Security program directly finance Social Security benefits for current beneficiaries. With no changes at all, the Social Security program can pay all scheduled benefits through 2033, after which time it can pay 72 percent of scheduled benefits through 2088.ⁱⁱⁱ Small changes to the program would fully secure its financial outlook.

Public Opinion: Gallup polling indicates that Americans think Social Security and the economy should be top priorities for the federal government in the next year.^{iv} As many as 90 percent of Americans want to maintain or increase Social Security spending^v and many want to do so by raising payroll taxes and making income over the earnings cap taxable.^{vi} Currently, Social Security tax applies only to an individual's first \$117,000 in wage income.

More on Social Insurance and Earned Benefits: bit.ly/NPPsocialinsurance

For county-level data on Social Security, see bit.ly/nppdata

ⁱ Average benefit is as of [May 2014](#) and accounts all types of benefits, including retirement, survivor's, and disability.

ⁱⁱ Average benefit is as of the [first quarter of 2014](#).

ⁱⁱⁱ [Social Security Trustees Report](#) 2014, pages 10-11.

^{iv} [Gallup Polling](#), Conducted Jan. 5-8, 2014.

^v [Pew Research](#) poll, conducted Feb. 13-18, 2013.

^{vi} [Strengthening Social Security: What Do Americans Want?](#) study, NASI 2013.