

Social Security Debacle

How Columbia University graduate students used computer-assisted reporting to unravel the Social Security and income tax morass

BY CHRISTOPHER J. FEOLA

On the following pages of Quill you will find parts of a computer analysis of the changes in the U.S. Tax Code over the last two decades. The analysis shows that despite the absence of public knowledge or debate, the government implemented a flat-tax rate.

This analysis, done by a class in advanced computer-assisted reporting, found that in 1980 those in the lowest income group paid less than 10 percent of their income in taxes. Those who earned more paid more. Now the upper-income groups pay roughly a third of their income in taxes—and so do the lower.

The class, a group of graduate students at Columbia University, also found that while income tax rates were cut during the 1980s, those lower rates were more than offset by increases in Social Security taxes. The Social Security taxes go straight into the Treasury with all other taxes—there is not and never has been a Social Security trust fund used only for benefits—and the Social Security tax is a regressive levy that falls most heavily on the poor and the middle class.

How did this happen? Simple—everyone met in the middle. What the analysis showed is that the combination of income tax cuts and Social Security increases meant those in the highest income brackets now keep up to 57 percent more of their income, while those in the lowest tax bracket pay 18 percent more.

Why did this happen without a public outcry? Where was the debate? Where were the advocates? Where was the news media?

“For those of us who try to keep a sense of reality in such matters as taxation as opposed to rhetoric,” said William Greider, a former editor at The Washington Post and a long-time political writer for Rolling Stone magazine, “I think we all walk around now with a mild sense

of guilt and regret that even we didn’t quite grasp what was happening in ’83 and then pound on it in a way that might have changed the outcome—probably wouldn’t have, but might have.”

Don Barlett, who has written extensively on the U.S. tax system for the Philadelphia Inquirer and now writes for Time Inc., doesn’t think the mainstream press is scrutinizing the role of the Social Security tax in the current move by Congress to balance the budget by 2002.

“None of the stories, not a single one—not The (New York) Times, not The (Wall Street) Journal, not Business Week, not Forbes, nobody—points out that \$60 billion to \$70 billion a year of that budgeting balance is coming out of Social Security,” Barlett said when the students finished their work. “That means basically that everyone in the country who makes less than \$62,700 is contributing a disproportionate amount of tax revenue to balance the budget. But nobody says that. No one writes that.”

The question to be asked is why this story was not done by a major metro, a place with many more resources and, the trades tell us, record profits for ’97.

Perhaps I make too much of this.

Nonetheless, here is some of what the students found as well as some insight into how they found it. I’ve taken the opportunity to offer a few of my tips along the way.

Now that the Social Security system once more is on Washington’s radar screen, let’s hope we will see more coverage of the issue.

Perhaps you too will be motivated to delve into the story behind the story. Perhaps.

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