



## Raising the Social Security Taxable Maximum

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<https://budgetmodel.wharton.upenn.edu/model-estimates-1/2019/11/18/increase-payroll-taxes>

Summary: We estimate the budgetary, economic and distributional effects of raising the OASDI taxable maximum to \$300,000. The policy would be enacted on January 1st, 2021.

## Contents

[Table 1. Conventional Budget Estimate, FY2021-2030](#)

[Table 2. Dynamic Macroeconomic Effects](#)

[Table 3. Distribution of Policy Change by Annual Income Categories, Relative to Current-Law Baseline](#)



**Table 1. Conventional Budget Estimate, FY2021-2030**

*Billions of Dollars, Change from Current-Law Baseline*

Policy	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-2030
Raise the OASDI taxable maximum to \$300,000	82	108	112	115	120	124	130	136	140	144	1,212



**Table 2. Dynamic Macroeconomic Effects**

*Percent Change from Baseline*

Year	GDP	Capital stock	Labor income	Hours worked	Consumption
2030	-1.1%	-1.4%	-1.1%	-0.3%	-1.9%
2040	-1.3%	-2.3%	-1.3%	-0.3%	-2.4%
2050	-1.7%	-3.4%	-1.7%	-0.3%	-2.8%

Note: Consistent with empirical evidence\*, the projections above assume that the U.S. economy is 40 percent open and 60 percent closed. Specifically, 40 percent of new government debt is purchased by foreigners.

\* <https://budgetmodel.wharton.upenn.edu/issues/2016/9/13/setting-behavioral-responses-in-pwbms-dynamic-simulations>



**Table 3. Distribution of Policy Change by Annual Income Categories in 2021, Relative to Current-Law Baseline**

Income group	Average tax change	Share with a tax increase	Percent change		Share of federal taxes paid	Change in share of federal taxes paid
			in after tax income	Share of tax change		
Bottom quintile	\$0	0%	0.0%	0%	0%	0.0%
Second quintile	\$0	0%	0.0%	0%	1%	0.0%
Middle quintile	\$0	0%	0.0%	0%	8%	-0.1%
Fourth quintile	\$5	0%	0.0%	1%	17%	-0.2%
80-90%	\$155	17%	-0.1%	6%	14%	-0.1%
90-95%	\$1,165	50%	-0.6%	20%	11%	0.1%
95-99%	\$3,830	77%	-1.3%	53%	18%	0.5%
99-99.9%	\$5,820	79%	-0.7%	18%	15%	0.0%
Top 0.1%	\$5,770	79%	-0.1%	2%	16%	-0.2%