

OPINIONCOMMENTARY

Mayor Pete's Retirement Plan to Tax the Middle Class

He's accused others of being 'evasive' on spending, but his own campaign has lacked fiscal candor.

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Pete Buttigieg campaigns in Creston, Iowa, Nov. 25.

PHOTO: SCOTT MORGAN/REUTERS

Democratic presidential candidate Pete Buttigieg claimed last month that “everything that we have proposed has been paid for, and we have proposed no tax increase on the middle class.” The South Bend, Ind., mayor is incorrect on both counts: He hasn't said how he'd pay for all his proposed spending. He has endorsed one explicit tax increase on the middle class, and his recent retirement plan provides an outline for another. Add it up, and middle-class workers could face a trillion dollars in new taxes.

To support family caregivers, Mr. Buttigieg's retirement plan restated his prior commitment to enact “an enhanced version of the Family Act,” which would provide 12 weeks of subsidized family leave. The candidate has yet to specify how exactly he would “enhance” the Family Act.

But that legislation, introduced by Rep. Rosa DeLauro (D., Conn.) and Sen. Kirsten Gillibrand (D., N.Y.), pays for its new benefit by raising payroll taxes by 0.2% of income.

Mr. Buttigieg's retirement plan also contains several new spending proposals, including a long-term care entitlement. He says the program would make benefits available to people over 65 and would "kick in after an income-related waiting period." His plan cites two white papers as examples of "similar programs" proposed by scholars.

Mr. Buttigieg fails to note how both white papers propose to pay for the new benefits. In the first paper, the Long-Term Care Financing Collaborative envisions a program "fully financed by a dedicated revenue source," including a payroll tax, "an explicit income tax surcharge, or other dedicated tax."

The second paper, written by researchers affiliated with the Urban Institute, contains several policy details Mr. Buttigieg adopted, including waiting periods for wealthier people to qualify. That paper also proposes a specific funding source: "an additional tax of about 1.0 percent of earned Medicare-covered income." In other words, an increase in the payroll tax—a tax increase on the middle class.

The Congressional Budget Office estimated last December that a one percentage point increase in the Medicare tax rate would raise \$898.3 billion over a decade. If Mr. Buttigieg intends to fund his new long-term care program via the payroll tax, that tax increase, coupled with the 0.2% payroll tax hike in the Family Act he has already endorsed, would bring total payroll-tax increases to more than \$1 trillion.

If Mr. Buttigieg doesn't want to fund his long-term-care entitlement with the payroll-tax increase proposed in a paper his campaign cited, he should explain where that money will come from. His own claims notwithstanding, Mr. Buttigieg's candidacy has lacked fiscal candor. His campaign told the Indianapolis Star last month that it had proposed \$5.7 trillion in spending to that point, but cited a total of only \$5.1 trillion in tax increases and savings.

Mr. Buttigieg's retirement-security plan has since added other spending proposals with no mention of a funding source. There's his plan to make those receiving Social Security disability benefits immediately eligible for Medicare, which will likely cost more than \$100 billion. There's his new requirement for state Medicaid programs to cover community-based services as a mandatory benefit, along with mandates on nursing homes—including a \$15 minimum wage and higher staffing ratios—which will raise Medicaid spending.

Mr. Buttigieg called Elizabeth Warren “extremely evasive” for her answers on single-payer health care, saying, “I think that if you are proud of your plan and it’s the right plan, you should defend it in straightforward terms. And I think it’s puzzling that when everybody knows the answer to that question of whether her plan . . . will raise middle class taxes is ‘Yes.’ Why wouldn’t you just say so, and then explain why you think that’s the better way forward?” He should follow his own advice.

Mr. Jacobs is founder and CEO of Juniper Research Group and author of “The Case Against Single Payer.” In 2013, he served as a congressional appointee to the Commission on Long-Term Care.

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