

## Who's (Still) Above the Social Security Payroll Tax Cap?

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Last fall, we released an issue brief<sup>1</sup> examining the share of workers with earnings above the annual limit subject to the Social Security payroll tax, then \$106,800. As debate continues around this issue and the limit automatically changed at the beginning of 2012, we have updated our findings to look at workers above the new \$110,100 cap.

Since any annual wages above \$110,100 are not taxed by Social Security, raising – or even eliminating – the cap has gotten some attention as a way to help alleviate Social Security's long-term budget shortfall. Last year, Senator Bernie Sanders and Congressman Peter DeFazio introduced legislation to apply the Social Security payroll tax to earnings above \$250,000.<sup>2</sup> Both bills currently have 10 co-sponsors each, including Senate Majority Leader Harry Reid. It is similar to previous bills and echoes a proposal by then-Senator Obama on the campaign trail in 2008. While the legislation is still pending, this earnings benchmark is important in discussions on this and related tax topics, and thus, we include it in our analysis.

In what follows, we examine the Census Bureau data from the most recently available American Community Survey (ACS) and find that 5.8 percent of workers would be affected if the Social Security cap were eliminated entirely and 1.4 percent would be affected if the current tax were applied to earnings over \$250,000 (but not between the current cap and the \$250,000 level). When we calculate breakdowns by gender, race or ethnicity, age, and state of residence, the share of workers that would pay more varies widely.

For example, less than 3 percent of female workers would be affected if the Social Security wage cap were eliminated entirely, and ½ of 1 percent would pay more if the tax were applied to earnings over \$250,000 per year. Similarly, only about 2 percent of black and Latino workers would be affected if the cap were lifted entirely, and about ½ of 1 percent would be affected if earnings above \$250,000 were included in the tax. The tables below show detailed breakdowns.



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**TABLE 1**  
**Workers with Annual Earnings over \$110,100 and \$250,000 by Race/Ethnicity**

Race/Ethnicity	\$110,100		\$250,000	
	Percent	Number	Percent	Number
All	5.8	8,316,222	1.4	1,962,237
White	7.0	6,766,825	1.7	1,675,502
Black	2.3	371,304	0.4	62,859
Latino	2.3	324,659	0.5	64,952
Asian	8.9	732,628	1.7	136,428
Other	1.4	120,806	0.3	22,496

Source: Authors' analysis of American Community Survey (ACS), 2010.

Notes: In order to focus on workers with significant attachment to work, calculations exclude those who are younger than 16, or who worked fewer than 14 weeks in the preceding 12 months, or usually worked fewer than 10 hours per week. This has the effect of making these estimates conservative; without these exclusions the percentages shown would be smaller.

**TABLE 2**  
**Workers with Annual Earnings over \$110,100 and \$250,000, by Race Ethnicity and Gender**

Race/Ethnicity	\$110,100				\$250,000			
	Male		Female		Male		Female	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
All	8.4	6,404,094	2.8	1,912,128	2.2	1,639,696	0.5	322,541
White	10.4	5,325,678	3.2	1,441,147	2.8	1,421,056	0.6	254,446
Black	3.2	233,708	1.6	137,596	0.6	43,972	0.2	18,887
Hispanic	3.0	242,079	1.3	82,580	0.7	53,826	0.2	11,126
Asian	11.9	509,231	5.7	223,397	2.4	102,855	0.9	33,573
Other	1.9	93,398	0.8	27,408	0.4	17,987	0.1	4,509

Source and notes: See Table 1.

**TABLE 3**  
**Workers who earned over \$110,100 by Age Group**

Age Group	\$110,100		\$250,000	
	Percent	Number	Percent	Number
All	5.8	8,316,222	1.4	1,962,237
16-24	0.1	13,965	0.0	3,837
25-34	2.2	700,917	0.3	99,896
35-44	7.2	2,316,374	1.5	494,651
45-54	8.7	2,973,783	2.1	725,603
55-64	8.4	1,888,918	2.2	499,615
65+	7.0	422,265	2.3	138,635

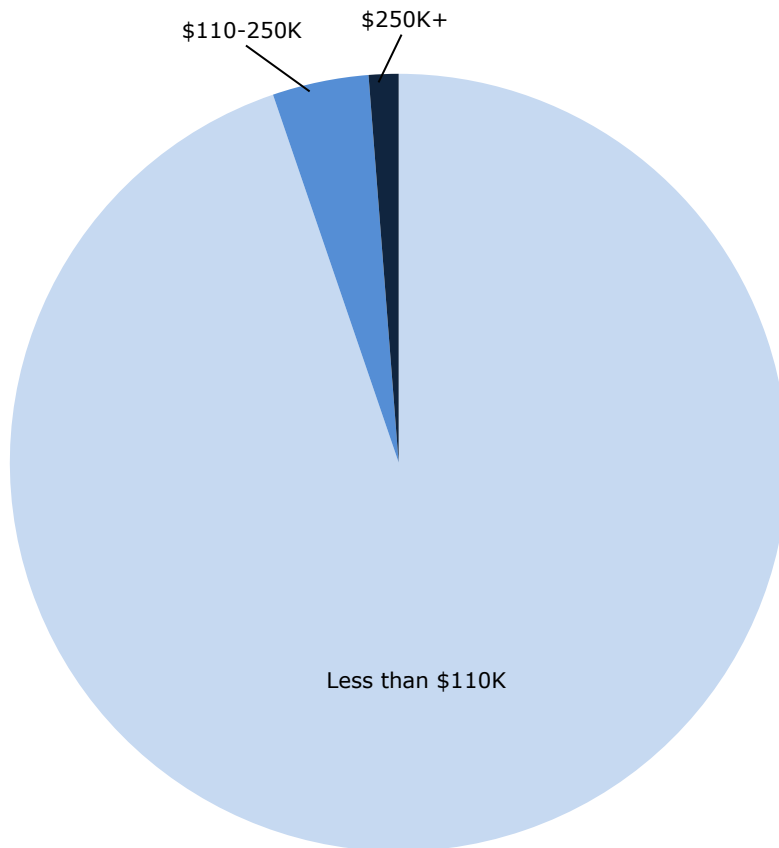
Source and notes: See Table 1.

**TABLE 4**  
**Workers with Annual Earnings over \$110,100 and \$250,000, by Age Group and Gender**

Age Group	\$110,100				\$250,000			
	Male		Female		Male		Female	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
All	8.4	6,404,094	2.8	1,912,128	2.2	1,639,696	0.5	322,541
16-24	0.1	10,937	0.0	3,028	0.0	2,798	0.0	1,039
25-34	3.0	496,532	1.4	204,385	0.5	77,277	0.2	22,619
35-44	10.1	1,744,154	3.9	572,220	2.3	401,832	0.6	92,819
45-54	12.9	2,283,999	4.2	689,784	3.4	601,078	0.8	124,525
55-64	12.9	1,499,811	3.6	389,107	3.7	429,885	0.6	69,730
65+	10.8	368,661	2.0	53,604	3.7	126,826	0.4	11,809

Source and notes: See Table 1.

**FIGURE 1**  
**Workers Earning Less than \$110K, \$110-250K, and \$250K+**



Source and notes: See Table 1.

**TABLE 5**  
**Workers with Annual Earnings over \$110,100 and \$250,000, by State**

State	\$110,100		\$250,000	
	Percent	Number	Percent	Number
All	5.8	8,316,222	1.4	1,962,237
AL	4.1	84,767	1.5	31,671
AK	6.0	22,183	1.0	3,784
AZ	5.0	138,370	1.2	31,932
AR	3.0	38,693	0.4	4,921
CA	7.8	1,315,428	1.5	253,580
CO	6.3	162,214	1.3	33,298
CT	9.1	161,793	2.3	40,505
DE	5.9	24,898	1.2	5,177
DC	15.2	47,726	2.6	8,284
FL	4.4	363,481	1.4	113,510
GA	5.4	233,872	1.3	55,417
HI	4.2	28,542	1.0	7,059
ID	3.3	23,124	1.1	7,832
IL	6.2	377,267	1.4	84,803
IN	3.6	108,388	1.1	33,305
IA	3.2	50,021	1.0	16,322
KS	3.9	55,394	1.5	20,771
KY	3.3	62,138	1.4	26,913
LA	4.2	87,988	1.4	28,778
ME	3.2	21,093	1.2	7,904
MD	9.9	291,902	1.2	35,983
MA	8.7	287,626	1.7	55,243
MI	4.3	185,918	1.3	54,172
MN	5.8	160,163	1.4	37,581
MS	3.1	37,444	1.3	16,307
MO	4.0	114,867	1.1	31,727
MT	3.1	15,408	0.1	392
NE	2.8	26,690	0.8	7,985
NV	4.3	54,660	1.3	16,156
NH	6.4	45,126	1.1	7,546
NJ	10.4	441,699	1.8	77,846
NM	3.7	33,824	0.0	446
NY	7.7	705,798	1.7	159,087
NC	4.4	190,927	1.2	50,753
ND	2.6	9,509	0.7	2,685
OH	4.1	219,277	1.1	60,597
OK	3.5	61,214	1.2	21,741
OR	4.6	79,780	1.0	18,130
PA	5.2	314,099	1.3	80,929
RI	5.3	26,528	1.4	6,897
SC	3.4	69,960	1.2	24,037
SD	3.2	13,229	1.8	7,345
TN	3.9	112,398	1.4	39,205
TX	5.5	647,492	1.6	183,740
UT	3.9	49,401	1.3	16,929
VT	3.6	11,896	0.9	2,826
VA	9.1	364,204	1.2	49,316
WA	6.2	198,851	1.5	47,112
WV	2.6	19,918	0.0	328
WI	3.8	108,925	1.2	33,206
WY	3.4	10,109	0.1	224

Source and notes: See Table 1.

**TABLE 6**  
**Workers with Annual Earnings over \$110,100 and \$250,000, by State and Gender**

State	\$110,100				\$250,000			
	Male		Female		Male		Female	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
All	8.4	6,404,094	2.8	1,912,128	2.2	1,639,696	0.5	322,541
AL	6.6	71,603	1.4	13,164	2.6	28,360	0.3	3,311
AK	8.5	17,700	2.7	4,483	1.1	2,357	0.9	1,427
AZ	7.3	108,876	2.3	29,494	1.8	26,871	0.4	5,061
AR	4.7	31,037	1.3	7,656	0.7	4,513	0.1	408
CA	10.5	962,211	4.6	353,217	2.2	205,176	0.6	48,404
CO	9.2	127,263	3.0	34,951	2.0	27,545	0.5	5,753
CT	13.3	122,785	4.6	39,008	3.9	35,646	0.6	4,859
DE	9.1	19,645	2.5	5,253	2.1	4,494	0.3	683
DC	18.6	28,627	11.9	19,099	4.2	6,402	1.2	1,882
FL	6.6	284,202	2.0	79,279	2.2	94,045	0.5	19,465
GA	8.1	185,674	2.3	48,198	2.0	45,508	0.5	9,909
HI	6.0	21,764	2.1	6,778	1.5	5,407	0.5	1,652
ID	5.4	20,303	0.9	2,821	1.9	7,104	0.2	728
IL	9.1	289,182	3.1	88,085	2.2	70,253	0.5	14,550
IN	5.5	86,688	1.5	21,700	1.8	28,616	0.3	4,689
IA	5.2	42,846	1.0	7,175	1.8	14,647	0.2	1,675
KS	6.1	45,530	1.5	9,864	2.4	17,791	0.4	2,980
KY	5.0	50,832	1.3	11,306	2.3	22,829	0.5	4,084
LA	6.8	73,478	1.5	14,510	2.3	25,256	0.4	3,522
ME	4.8	16,452	1.4	4,641	2.0	6,919	0.3	985
MD	13.8	205,810	6.0	86,092	2.0	30,227	0.4	5,756
MA	12.7	214,898	4.5	72,728	2.8	46,858	0.5	8,385
MI	6.7	147,790	1.8	38,128	2.0	44,330	0.5	9,842
MN	8.8	125,205	2.7	34,958	2.3	32,570	0.4	5,011
MS	5.0	31,836	1.0	5,608	2.2	14,025	0.4	2,282
MO	6.2	90,501	1.8	24,366	1.8	26,010	0.4	5,717
MT	4.8	12,505	1.2	2,903	0.2	392	0.0	0
NE	4.5	22,846	0.8	3,844	1.4	6,985	0.2	1,000
NV	6.2	41,986	2.2	12,674	1.8	11,925	0.7	4,231
NH	10.0	36,677	2.5	8,449	1.8	6,774	0.2	772
NJ	15.1	337,916	5.2	103,783	3.0	66,535	0.6	11,311
NM	5.1	24,785	2.1	9,039	0.1	369	0.0	77
NY	10.7	506,369	4.5	199,429	2.7	126,429	0.7	32,658
NC	6.6	150,827	1.9	40,100	1.8	41,487	0.4	9,266
ND	4.3	8,639	0.5	870	1.1	2,219	0.3	466
OH	6.3	173,262	1.8	46,015	1.8	50,261	0.4	10,336
OK	5.7	53,519	0.9	7,695	2.0	19,135	0.3	2,606
OR	7.0	63,392	2.0	16,388	1.7	15,609	0.3	2,521
PA	8.0	248,627	2.3	65,472	2.2	68,175	0.4	12,754
RI	7.8	19,662	2.7	6,866	2.1	5,233	0.7	1,664
SC	5.4	57,518	1.3	12,442	1.9	20,448	0.4	3,589
SD	4.7	10,637	1.3	2,592	2.9	6,484	0.4	861
TN	6.1	91,505	1.5	20,893	2.2	33,503	0.4	5,702
TX	8.3	528,825	2.2	118,667	2.5	159,231	0.5	24,509
UT	6.2	43,809	1.0	5,592	2.1	15,055	0.3	1,874
VT	5.5	9,382	1.6	2,514	1.3	2,163	0.4	663
VA	13.0	272,001	4.8	92,203	1.9	40,536	0.5	8,780
WA	8.9	155,089	3.0	43,762	2.3	39,233	0.5	7,879
WV	3.8	15,859	1.1	4,059	0.1	328	0.0	0
WI	5.9	87,664	1.5	21,261	1.8	27,281	0.4	5,925
WY	4.9	8,055	1.6	2,054	0.1	147	0.1	77

Source and notes: See Table 1.

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1 Woo, Nicole, Janelle Jones, and John Schmitt. 2011. "Who's Above the Social Security Payroll Tax Cap?" Washington, DC: Center for Economic and Policy Research. <http://www.cepr.net/documents/publications/ss-cap-2011-09.pdf>.

2 S.1558, Keeping Our Social Security Promises Act and H.R. 797, the No Loopholes in Social Security Taxes Act.