



Social Security Reform: Is It Time to Call a Code?

By now most Americans have heard that President Bush has taken on reform of the Social Security program as his main domestic initiative. To advance this idea, he has engaged in a national tour in hopes that he can share his vision with citizens and garner support. However, reports show that the more President Bush promotes his plan, the less people like it and the more frightened they become of the proposed changes. Some members of Congress have chosen to address their concerns about the potential revamping of this program either by introducing legislation that would alter the program to accommodate those concerns or by adopting resolutions that provide an agreement on issues they would like to safeguard. The following provides a glimpse into such proposals. Additional proposals can be located on <http://thomas.loc.gov> by using the search term “Social Security.”

Representative Michael Michaud (D-ME) introduced a resolution (HJ Res 25) that would prohibit Congress from passing any law altering the fundamental structure of the Social Security program, including fully or partially privatizing Social Security. This resolution was referred to the House Committee on the Judiciary.

Representative Mark Green (R-WI) introduced a resolution (HCON 43 IH), adopted by the House of Representatives and the Senate, that provides that a Social Security reform plan favorably considered by Congress would not negatively affect state and local government employees currently covered under public pensions.

Representative Rosa DeLauro (D-CT) introduced a resolution (HRES 61 IH) that was adopted by the House of Representatives recognizing the obstacles women face in ensuring retirement security and recommended the president consider certain factors when proposing Social Security reform.

Reports show that the more President Bush promotes his plan, the less people like it.

Many other resolutions and proposals have been introduced to address this issue. Some legislative proposals focus on details related to how much money a worker could invest. Representative E. Clay Shaw, Jr., (R-FL) introduced a proposal (HR 750) that recommends providing individuals with an annual income tax credit of approximately 4% of wages subject to the Social Security payroll tax, up to \$1,000. The government would then set aside the money, and workers could invest it in stock and bond funds, similar to the president’s plan. This proposal would not reduce traditional Social Security benefits.

Other proposals are being discussed but have not been introduced. Senator Orrin Hatch (R-UT) has aimed to address the Social Security reform issue based on the perspective that people are living longer, yet they expect to retire at age 65. His proposal aims to address reform by cre-

ating financial incentives to postpone retirement. Senator Robert Bennett (R-UT) aims to address the issue by reducing the benefits now promised to the wealthy while allowing workers to put some of their wages into tax-advantaged accounts outside the traditional Social Security system accounts. If Congress were to endorse this concept, after five years workers could divert some of their Social Security taxes into the accounts. These proposals are but a few of the options being discussed.

How does the ANA stand on Social Security reform? In 1999 the ANA House of Delegates considered this issue and agreed to

- advocate the continuation of Social Security as a social insurance program that is universal and portable with guaranteed benefits.
- promote strong consumer protections to ensure that the Social Security safety net continues to provide for the needs of retirees, the disabled and their dependents, and the surviving spouses and children of deceased workers.
- support funding mechanisms that require those most able to pay to contribute their fair share and those least able to pay to contribute proportionately less to maintain the ongoing solvency of the Social Security Trust Fund.
- oppose individual private investment accounts that substitute and thereby threaten the social insurance structure of Social Security.
- oppose any additional increases in the age of eligibility for full retirement benefits.

The debate on this issue will continue and is not much different from what was discussed in 1999. Therefore, my assessment: Social Security reform remains in critical condition. ▼

Rose Gonzalez is director of the Department of Government Affairs at the ANA.