

R032-0405

10 **A RESOLUTION CONCERNING SOCIAL SECURITY AND ENSURING THE**
20 **SOLVENCY OF THE PROGRAM VIA COMPREHENSIVE REFORM**

30 **WHEREAS:** In 1935, President Franklin D. Roosevelt created the United States Social
40 Security Act, a social insurance program designed to assist disabled individuals,
50 widowers, and the elderly with financial security; and;

60 **WHEREAS:** Social Security is a pay-as-you go system that guarantees a monthly benefit in
70 addition to outside personal savings and investments; and;

80 **WHEREAS:** The PAYGO structure of the program creates an annual surplus that is used
90 to fund benefits, offset federal deficits, finance federal purposes; and;

100 **WHEREAS:** The system is financed by a payroll tax that has increased to 12.8% in 2005 from
110 2% 1935; and;

120 **WHEREAS:** 20% of the elderly rely solely upon Social Security for retirement funds; and;

130 **WHEREAS:** The poverty rate among the elderly has dropped from 35% in 1960 to 10% in
140 1999; and;

150 **WHEREAS:** Due to the nature of changing demographics, Social Security is on the verge of
160 becoming insolvent; and;

170 **WHEREAS:** The worker to benefit recipient's ratio has decreased from 16:1 in 1960 to 3:1
180 today; and;

190 **WHEREAS:** According to the Congressional Budget Office, the work force below the age of
200 59 has decreased 3% since 1995; and;

210 **WHEREAS:** According to the National Institute of Health, the life expectancy of humans
220 has increased from 60 years in 1935 to 77.4 in 2004, while retirement age has
230 only moderately increased from the age of 65 to 67.

240 **WHEREAS:** Fiscal projections by Social Security Trustees Report state that Social Security
250 will begin running a deficit by 2017, will begin paying reduced benefits by
260 2041 and will become totally bankrupt in 2077; and;

270 **WHEREAS:** In light of this, President George W. Bush has created a bi-partisan commission
280 to study possible reform proposals that broadly consist of using benefit
290 reductions to finance personal accounts that allow workers to divert up to 4% of
300 their payroll contributions into a diversified index fund.

310 **THEREFORE BE IT RESOLVED:** That the Maryland Student Legislature urges the
320 President's Commission to Strengthen Social Security to enact reform
330 measures that lower the overall payroll tax to 11% on individuals opting to stay
340 within the current system while leaving the tax rate unchanged on those who opt
350 to invest in the personal account option; and;

360 **BE IT FURTHER RESOLVED:** That the Maryland Student Legislature urges the
370 aforementioned Commission to reduce benefits for workers who retire prior to
380 the National Retirement Age of 65 (NRA) set forth by the Social Security Act of
390 1935 from 30% to 37%; and;

400 **BE IT FURTHER RESOLVED:** The Maryland Student Legislature urges that the
410 aforementioned Commission create incentives to retire beyond the by the NRA
420 by increasing the monthly benefit by 5% for workers who opt to retire at the age
430 of 70; and;

440 **BE IT FURTHER RESOLVED:** The Maryland Student Legislature urges that the
450 aforementioned Commission raise the National Retirement Age to 68; and;

460 **BE IT FURTHER RESOLVED:** The Maryland Student Legislature urges that the
470 aforementioned Commission eliminate the cap on the level of income subject to
480 the Social Security tax which presently stands at \$90,000; and;

490 **BE IT FURTHER RESOLVED:** That the Maryland Student Legislature urges the
500 aforementioned Commission to change the way benefits are tabulated from
510 wage-indexing to price-indexing; and,

520 **BE IT FURTHER RESOLVED:** That the Maryland Student Legislature urges the
530 aforementioned Commission to allow for all workers under the age of 55 to
540 voluntarily divert 3.2% of their income into personal accounts similar to that of
550 the Federal Employees Thrift Savings Plan.

560 **MANDATES:** President George W. Bush
570 Senate Majority Leader Bill Frist
580 Senate Minority Leader Harry Reid
590 Speaker of the House Dennis Hastert
600 House Minority Leader Nancy Pelosi
610 Representative Jim McCrery, Chairman of the Social Security Subcommittee
620 Representative Bill Thomas, Chairman of the Ways & Means Committee
630 President's Commission to Strengthen Social Security
640 Richard Parsons, Chairman of the President's Commission to Strengthen Social
650 Security
660 Federal Reserve Chairman Alan Greenspan

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The Templeton Curve

