

MOTION EXPRESSING THE SENSE OF COUNCIL OF ALLEGHENY COUNTY opposing any privatization of the Social Security system and urging the Congress of the United States to stop any privatization as subverting the best and most successful Social Security system this nation and world has known; the Social Security system is robust and financially sound, and only needs small adjustments similar to those made in almost every decade since the 1930s for fiscal sustainability in the years after 2052.

WHEREAS, Social Security has been one of America's most successful and important programs in the country's history and a model to the rest of the world by providing essential income supports of over \$471 billion to more than 47 million people; in Pennsylvania, monthly Social Security benefits total \$2.1 billion to beneficiaries that represent 19.3 percent of the total population of the state and 93.4 percent of the state's population aged 65 or older; and

WHEREAS, Social Security is a three-part social insurance program providing what are called "guaranteed benefits" of three distinct kinds: lifetime retirement benefits for retirees who have worked at least ten years, their spouses and their children; disability insurance for workers, spouses and their children; and survivors' insurance (a life insurance policy) for families of deceased workers; and

WHEREAS, Social Security is the most significant source of income for the majority of retirees over age 65 and the majority of elderly households, and two-thirds of elderly age 65 or over depend on Social Security for a majority or 100% of their retirement income; and

WHEREAS, Social Security is a social insurance program that pays the most to those who need it the most through a progressive structure where workers with low lifetime earning receive relatively higher benefits in relation to lifetime earnings than workers with high lifetime earnings, boosting retirement incomes of low and middle income workers; and

WHEREAS, Social Security is particularly important to women who make up 60% of all Social Security beneficiaries and who have fewer earnings and savings to rely on in retirement, have less ownership of private pensions, and have a longer life span in retirement years; women who have worked only at home as family caretakers, or who have become widows or divorced women (after a marriage of at least 10 years), can be entitled to benefits based on the working husband's entitlement; and

WHEREAS, according to the Social Security trustees report, which used pessimistic assumptions about future productivity and wage growth, Social Security is fiscally sound with a large surplus and can pay full benefits through the year 2042, and according to the non-partisan Congressional Budget Office, further through the year 2052 with no changes whatsoever, making Social Security more financially sound today than it has been throughout most of its 69 year history; and

WHEREAS, alarming and false claims that the Social Security system is in "crisis" or will be "bankrupt" are contrary to the fact that the Social Security trust fund is as robust today as

it has been in recent years, and that only small adjustments are needed for sustainability in decades after 2052, such as raising the incomes taxed to earnings above \$90,000 a year or increasing the Social Security tax by less than a quarter than that made in the 1980s under President Reagan; and

WHEREAS, plans for diverting Social Security taxes into privately invested accounts will do nothing to improve the financial sustainability of the Social Security program, and will entail major cuts in future benefits received, with a 15 year old today entering the workforce seeing a 40% cut in future benefits or close to \$180,000 in Social security benefits over the course of their retirement; and

WHEREAS, the transition costs for diverting Social security taxes into private accounts will require the Government borrowing \$4 trillion in the next 20 years, saddling future generations with this debt and worsening our economy; and

WHEREAS, the benefits of privatization have been highly exaggerated and falsely advertised because proponents of privatization often use highly exaggerated assumptions on stock returns and, at retirement, the money diverted into private accounts will have to be paid back to the Government as a deduction from the traditional Social Security program benefit, with the private account accumulation reduced by at least 5% and likely more for administrative costs, and with a further cost deducted when the accumulated sum is required to be converted into a lifetime annuity payment, often a 10-20% conversion cost at present; the non-partisan Center for Economic and Policy Research thus concludes that the typical younger worker would in 2052 do 19% better than privatization even if nothing is done to improve the financing of the system in these years; and

WHEREAS, any privatized system will also greatly harm the over 7 million disabled beneficiaries and those receiving survivor's benefits, because beyond the certain cuts in benefits they too will suffer, as wage earners they will have shortened work lives, and will never reap the returns of successful investing, even under the most optimistic investment scenarios; and

WHEREAS, Social Security is an extremely cost efficient system with less than 0.6 cents of every dollar paid to administrative costs and with systems in other countries with private accounts wasting over 15 cents of every dollar on administrative costs, and with countries like the United Kingdom who have experimented with privatization determining it a failure and seeking the return to the American Social Security system that we have long had;

NOW THEREFORE, IT IS MOVED, AND IT IS THE SENSE OF THE COUNCIL OF ALLEGHENY COUNTY, that this Body opposes any privatization of the Social Security system and urges any privatization effort be stopped by the Congress of the United States as an attempt to subvert the best and most successful Social Security system this nation and world has known; the Social Security system is robust and financially sound, and only needs small adjustments similar to those made in almost every decade since the 1930s for fiscal sustainability in the years after 2052.

FURTHER, the Council of Allegheny County further resolves that this Resolution be provided to the President and members of the United States House of Representatives and United States Senate who represent Allegheny County as an expression of this County's opposition to the privatization of the Social Security system.

SPONSORED BY COUNCIL PRESIDENT FITZGERALD, VICE PRESIDENT FONTANA, COUNCIL MEMBERS DeFAZIO AND CLEARY

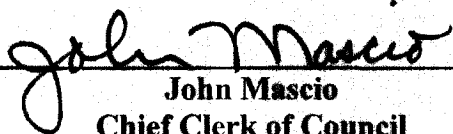
In Council MARCH 15 2005.

Read and Approved.



Rich Fitzgerald
President of Council

Attest:



John Mascio
Chief Clerk of Council

Mascio, John

From: Mascio, John**Sent:** Monday, March 21, 2005 3:18 PM**To:** 'President George W. Bush'; 'Senator Arlen Specter'; 'Senator Rick Santorum'; Congressman John Murtha; Congressman Mike Doyle; Congressman Tim Murphy; Congresswoman Melissa Hart**Subject:** Bill No. 1903-05 - Motion of Allegheny County Council

Attached is a copy of Bill No. 1903-05, entitled, "A Motion Expressing the Sense of Council of Allegheny County opposing any privatization of the Social Security system and urging the Congress of the United States to stop any privatization as subverting the best and most successful Social Security system this nation and world has known; the Social Security system is robust and financially sound, and only needs small adjustments similar to those made in almost every decade since the 1930s for fiscal sustainability in the years after 2052." The motion was sponsored by Council President Rich Fitzgerald, Council Vice-President Wayne Fontana, and Council Members John DeFazio and Joan Cleary. The Motion was passed by a vote of 8-0-2 at the Regular Meeting of County Council held on March 15, 2005. The voting was recorded as follows: Council Members Cleary, DeFazio, Fontana, Frazier, Jabbour, Martoni, Robinson and Fitzgerald voted aye; Council Members Gastgeb and Rea abstained; and Council Members Fawcett, Francis, Price, Shumaker and Watt were not present for the vote.

Your attention to this Motion is requested.

John Mascio
Chief Clerk
Allegheny County Council