

1 **JOINT RESOLUTION ON SOCIAL SECURITY**

2 2012 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: John L. Valentine**

5 House Sponsor: Bradley M. Daw

7 **LONG TITLE**

8 **General Description:**

9 This joint resolution of the Legislature supports Social Security reform measures.

10 **Highlighted Provisions:**

11 This resolution:

- 12 ▶ expresses support for the Social Security reform measures proposed by

13 Congressman Jason Chaffetz.

14 **Special Clauses:**

15 None

17 *Be it resolved by the Legislature of the state of Utah:*

18 WHEREAS, Social Security is the largest single item in the federal budget;

19 WHEREAS, in fiscal year 2011, the federal government spent \$730 billion on Social
20 Security, or 20% of the total \$3.6 trillion federal budget;

21 WHEREAS, over the next 75 years, Social Security's unfunded liability is \$6.5 trillion;

22 WHEREAS, Social Security has been running a deficit since 2010 and will be incurring
23 annual deficits permanently unless the system is reformed;

24 WHEREAS, opponents of Social Security reform argue that Social Security has a \$2.6
25 trillion trust fund that is backed by the full faith and credit of the United States Government,
26 but these government bonds are simply obligations that the federal government owes itself, so
27 redeeming these Treasury IOU's requires the federal government to cut spending elsewhere,
28 raise taxes, issue more debt to the public, or monetize debt through the Federal Reserve;

29 WHEREAS, reform opponents have also falsely claimed that Social Security has not

30 added a single penny to the deficit because Social Security is legally prohibited from deficit
31 spending, but Social Security is now operating at a deficit on a cash basis;

32 WHEREAS, while reform opponents counter that the Social Security Trust Fund paid
33 \$118 billion in interest in 2010 and about \$115 billion in interest in 2011, but these payments
34 are not real money, but are accounting mechanisms that transfer phantom money from one
35 government account to another;

36 WHEREAS, the Congressional Budget Office projects federal government non-interest
37 spending to reach 25% of the Gross Domestic Product in 2035;

38 WHEREAS, including interest, federal spending will reach 34% of the Gross Domestic
39 Product;

40 WHEREAS, since these levels are not sustainable, Congress must slow the growth in
41 federal spending;

42 WHEREAS, Representative Jason Chaffetz has announced his proposals for Social
43 Security reform that he plans to introduce as legislation in the United States Congress;

44 WHEREAS, the proposed reform implements longevity indexing by increasing normal
45 retirement age from 67 for those born in 1960, to 68 for those born in 1966, and to 69 for those
46 born in 1972;

47 WHEREAS, in years after 1972, the normal retirement age is increased one month
48 every two years, while keeping early retirement age unchanged at 62;

49 WHEREAS, the proposed reform changes the cost of living allowance calculation from
50 the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) to chained
51 CPI-W which is a more accurate representation of inflation;

52 WHEREAS, the proposed reform adds an additional bend point at the 50th percentile
53 for calculating the primary insurance amount;

54 WHEREAS, for workers with lifetime earnings above the 50th percentile, the primary
55 insurance amount grows across generations by a combination of the CPI-W growth and average
56 wage growth instead of just average wage growth;

57 WHEREAS, change begins for newly eligible retirees in 2016 and ends in 2055;

58 WHEREAS, the proposed reform increases the number of years from 35 to 40 that are
59 included for calculation of Average Indexed monthly earnings by adding one additional
60 computational year for those becoming eligible in 2012, 2014, 2016, 2018, and 2020;

61 WHEREAS, the proposed reform indexes the special minimum benefit to wages
62 instead of CPI beginning in 2012;

63 WHEREAS, in 2011, the special minimum benefits were \$791 per month for 30 years
64 of coverage and \$394 per month for 20 years of coverage;

65 WHEREAS, the proposed reform allows for five years of child care to be included as
66 creditable coverage if not already creditable;

67 WHEREAS, the proposed reform increases benefits by 5% for beneficiaries starting at
68 age 85;

69 WHEREAS, the proposed reform implements an annual means test that reduces the
70 benefit up to 50% for couples earning more than \$360,000 in the most recent tax year;

71 WHEREAS, total Social Security benefits would continue to grow but at a slower rate,
72 allowing the system to avoid insolvency;

73 WHEREAS, the vast majority of retirees, particularly those with average or below
74 average lifetime earnings, would receive a larger check than they are getting today;

75 WHEREAS, some will actually receive an increase over what they would be getting
76 without reform;

77 WHEREAS, using current benefits as a baseline and adjusting these benefits for
78 inflation, middle and lower income retirees in future years will get essentially the same or
79 better benefits than current retirees; and

80 WHEREAS, these measures must be taken very soon in order for the Social Security
81 system to avoid an otherwise inevitable collapse:

82 NOW, THEREFORE, BE IT RESOLVED that the Legislature of the state of Utah
83 expresses support for the Social Security reform measures proposed by Congressman Jason
84 Chaffetz.

85 BE IT FURTHER RESOLVED that a copy of this resolution be sent to the Majority

86 Leader of the United States Senate, the Speaker of the United States House of Representatives,
87 the Social Security Administration, and to the members of Utah's congressional delegation.