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Republican senators offer plan on The Boston Globe Social Security surplus

Bill would save funds in workers' private accounts

By **Glen Johnson, Associated Press** | **June 24, 2005**

WASHINGTON -- A group of Senate Republicans offered a bill yesterday that they said would prevent Congress from spending surplus Social Security taxes -- and increase the reported federal budget deficit by tens of billions of dollars.

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Senator Jim DeMint, a South Carolina Republican, said the measure is the first step toward overhauling the program and addresses one of the top concerns people raised in town hall meetings across the country this year.

In effect, the bill would take the surplus revenues, projected at about \$170 billion this year, and credit them proportionally into retirement accounts in the name of workers paying Social Security taxes. Initially, the credit would be a marketable Treasury bond.

While that would create an inheritable nest egg for workers and pay a share of their future retirement benefits, it would inflate the budget deficit because the government would no longer count the Social Security surplus as an asset.

This year, a projected deficit of about \$370 billion would increase to \$540 billion, based on projections by the nonpartisan Congressional Budget Office.

"The Social Security trust fund has become a secret slush fund for Congress," DeMint said as he introduced his bill with Republican Senators Rick Santorum of Pennsylvania, Lindsey Graham of South Carolina, Tom Coburn of Oklahoma, and Mike Crapo of Idaho. "It's time to restore honesty and integrity to this process."

Republican Representatives Jim McCrery of Louisiana, Clay Shaw Jr. of Florida, Sam Johnson of Texas, and Paul Ryan of Wisconsin announced Wednesday that they were drafting a bill that would wall off the surplus payroll tax revenues Social Security is slated to receive until 2017. They propose transforming general IOUs

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-- which the government places in Parkersburg, W.Va., as the money is spent on other government programs -- into personal IOUs for each of the 110 million Americans who pay taxes into the program.

While the federal government would continue to spend the surplus tax money, the individual accounts would bear marketable Treasury bonds that give American workers a sense of ownership over their retirement money, as well as an inheritable asset should they die before they stop working, the congressmen said.

Democrats said the plan was little different from Bush's call for personal savings accounts funded with a portion of the payroll taxes workers pay each year.

Representative Richard Neal, a Massachusetts Democrat and House Ways and Means Committee member, said: "I've been consistent and faithful to the idea that we shouldn't spend the Social Security surplus on other initiatives. But it strikes me as being disingenuous that you can rip out of the budget almost \$2 trillion in tax cuts over the next decade and then say that Social Security is in crisis." ■

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