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**BOB BALL'S NEW PLAN FOR STRENGTHENING SOCIAL SECURITY
WITH MINIMAL PAIN**

***Bringing the System into Long-Range Balance Without Benefit Cuts or Major
Tax Increases***

May 3, 2005 – The Century Foundation today released a new plan by former Social Security Commissioner Robert M. Ball to strengthen Social Security without benefit cuts. Rejecting dire predictions from the administration and those who favor privatizing the system as “greatly exaggerated,” Ball proposes a combination of changes to bring the system into long-term balance. “It is not true that hard choices have to be made and painful measures taken to restore balance to long-range Social Security financing,” writes Ball in *Fixing Social Security*, the Century Foundation issue brief. Download the plan in PDF format [here](#).

Ball proposes a five-step plan for eliminating the 75-year Social Security deficit:

- Gradually raise the cap on earnings covered by Social Security so that once again 90 percent of all income would be taxed and counted for benefits. This was the threshold set by Congress in 1983, the last time it considered this issue. Social Security taxes are now being applied to only 85 percent of earnings. By very slowly phasing in the change, the impact on the 6 percent of affected workers would be relatively modest.
- Beginning in 2010, dedicate future proceeds of a revised estate tax to Social Security. Present law gradually reduces the estate tax so that by 2009, only estates above \$3.5 million (\$7 million per couple) will be taxed. The tax should be frozen at that level, with the revenues directed toward Social Security.
- Improve the return on Social Security funds by investing part of them in equities, as just about all other public and private pension plans do. Other government retirement systems such as ones for employees of the Federal Reserve Board, the Federal Railroad Retirement Board, and the Tennessee Valley Authority also invest directly in stocks.
- Adopt the more accurate consumer price index recently developed by the Bureau of Labor Statistics (the so-called “chained” index) to better account for the substitution of one commodity for another as prices go up. The Social Security Cost of Living Adjustment would rise somewhat more slowly using this more accurate CPI.
- Beginning in 2010, cover all new state and local employees under Social Security. About three-fourths of state and local government employees are already covered. With this extension of coverage, most people who work would be under Social Security.

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The Century Foundation conducts public policy research and analyses of economic, social, and foreign policy issues, including inequality, retirement security, election reform, media studies, homeland security, and international affairs. The foundation produces books, reports, and other publications, convenes task forces and working groups, and operates seven informational Web sites. With offices in New York City and Washington, D.C., The Century Foundation is nonprofit and nonpartisan and was founded in 1919 by Edward A. Filene.

Together, these five adjustments would eliminate the entire 75-year projected shortfall. Ball adds that Congress could also plan for possible future shortfalls in the event forecasts change by scheduling a small contribution-rate increase at the point where the ratio of the trust funds at the beginning of the year to the benefits payable in the following year starts to fall.

“There is no good reason to ‘reform’ Social Security. Social Security hasn’t failed,” writes Ball. “What is needed are some relatively small changes, which are desirable in any event and which would improve the fairness and efficiency of Social Security while at the same time improving its financing.”

Robert Ball served as Commissioner of Social Security under Presidents Kennedy, Johnson, and Nixon. He has served on many statutory advisory councils, and on the bipartisan commission that produced the 1983 amendments to Social Security. His most recent book is *Insuring the Essentials: Bob Ball on Social Security*, which was published by The Century Foundation in 2000.

Fixing Social Security is the latest publication from The Century Foundation’s Social Security project. The project is designed to inform the debate over Social Security reform by providing straightforward and accurate information, ideas, research, and analysis to legislators, journalists, and the general public. This brief and other informative publications on this subject can be found online at The Century Foundation’s Social Security Network, www.socsec.org, or the foundation’s main site, www.tcf.org.

Bob Ball is available for interviews. For more information, please contact Christy Hicks at hicks@tcf.org or (212) 452-7723.

This brief should not be construed as reflecting the views of The Century Foundation or as an attempt to aid or hinder the passage of any bill before Congress.

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