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FISCAL IMPACT REPORT

SPONSOR Ortiz y Pino DATE TYPED 3-11-2005 HB

SHORT TITLE Oppose Social Security Privatization SB SJM 75

ANALYST Taylor

Duplicates HJM 71

SOURCES OF INFORMATION

LFC Files

SUMMARY

Senate Joint Memorial 75 urges the New Mexico Congressional Delegation to oppose any proposals by the U.S. Presidency to dismantle social security by privatizing the program. The memorial asserts:

- President Bush is making the overhaul of the social security system a priority;
- that when social security was enacted almost half of America's senior citizens lived in poverty, and today that number is just over 10 percent;
- the percentage of Hispanic seniors living in poverty is 44 percent, twice that of non-Hispanic seniors, and Hispanic seniors, particularly Hispanic women seniors, are less likely to receive income from pensions, interest, dividends, savings or other sources, and that more than one-half of Hispanic women depend on social security as their sole source of income;
- two hundred eighty thousand men, women and children in New Mexico depend on social security benefits, and that without social security one hundred nine thousand New Mexico seniors would be living in poverty;
- approximately one in six New Mexicans, or two hundred ninety-five thousand people, receive social security benefits, either as a retiree, a disable worker, a widow or a child;
- almost one-third of social security beneficiaries in New Mexico are under the age of sixty-five, more than thirty thousand are widows and twenty-eight thousand are children;
- the administration's proposal includes no identified plan for addressing the needs of widows and children;
- many economists question whether the social security system is in actual trouble, since there are sufficient funds to cover social security commitments until the middle of the century and that minor, non-privatization adjustments could protect the program beyond that time;
- social security is the nation's most successful and important family protection program;
- the basic idea behind the administration's plan to reform social security is to let Ameri-

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cans divert part of their payroll taxes to personal investment accounts, but the administration has not specified how to pay for the reform plan, how much retirement benefits would be reduced or explained the logic of borrowing trillions of dollars to offset tax revenues diverted into private accounts;

- there is nothing preventing young Americans from to provide additional retirement income, and various employer sponsored plans encourage them to do so;
- there are more pressing issues facing the county that need to be addressed by the congress and the administration;
- the budget deficit is a greater and more immediate threat to federal government finances than is social security.

The memorial concludes that it be resolved by the Legislature of the State of New Mexico that the members of the New Mexico congressional delegation be urged to recognize the unique features of the social security program; be urged to oppose privatizing the social security program and instead make minor adjustments to the program; and that copies of the memorial be transmitted to the New Mexico congressional delegation, the president of the United States and the chief clerks of the U.S. house of representatives and the United States senate.

BT/rs:lg