Miss Corcoran
Domestic Policymaking Project Annotated Bibliography

Policy: Social Security

Step One: Recognizing the Problem / Setting the Agenda

Source:

Sreenivasan, Jyotsna. "Social Security Act." *American Government*. ABC-CLIO, 2014. Web. 3 Nov. 2014.

Summary:

The idea of a government social insurance program (government programs that provide income support) was not new when Social Security was created in 1935. European countries enacted social insurance programs in the late 1800s and by 1929 many states had created workers compensation programs that provided money to people injured on the job. "By the mid-1930s, almost all states offered some form of social security to the blind, elderly, and dependent children, but the programs offered little money to a small number of people, because during the Great Depression states had little money to spare." Also, an influential doctor named Francis Townsend proposed a pension plan that caught the attention of the nation. The Great Depression hit the elderly especially hard; according the Social Security Administration, more than half of the elderly people in America could not support themselves. Franklin Roosevelt promoted the idea before becoming President of the United States.

Source:

DeWitt, Larry. "The Townsend's Plan Pension Scheme." *Agency History*. Social Security Administration, 1 Dec. 2001. Web. 4 Nov. 2014. <http://www.ssa.gov/history/townsendproblems.html>.

Summary:

One of the biggest influences on pushing the federal government closer to enacting a retirement pension program was called the Townsend Plan, named after Dr. Francis Townsend. Millions of people came to support what he called his Old-Age Revolving Pension Plan, or Townsend Plan for short. Basically, he proposed the creation of a 2% national sales tax to pay for a $200/month benefit for any retired person over 60 years old. The problem was that the average monthly wage in 1935 was only $100/month and the government would have to raise $29 billion in taxes every year to pay this; more than double what the federal, state, and local governments were already collecting.

Step Two: Formulating the Policy

Source:

Sreenivasan, Jyotsna. "Social Security Act." *American Government*. ABC-CLIO, 2014. Web. 3 Nov. 2014.

Summary:

Franklin Roosevelt created the Committee on Economic Security to study a bill and put Labor Secretary Francis Perkins in charge. In order to pass such a bill that would be considered constitutional the federal government would have to rely on its taxing power. This is because the Supreme Court had ruled other similar programs unconstitutional such as a federal minimum wage and child labor laws. The committee then drafted a bill that involved the use of a payroll tax from current workers that would ultimately help pay their own benefits. This reduced the perception that the plan was simply a government handout to the poor.

Step Three: Adopting the Policy

Source:

DeWitt, Larry. "Conceptual Foundations and Historical Precendts." *The Development of Social Security in America*. Social Security Administration, 2010. Web. 4 Nov. 2014. <http://www.ssa.gov/history/townsendproblems.html>.

Summary:

Once the Council on Economic Security was done with their research and crafted the bill, it was submitted to Congress in January of 1935. The House Ways and Means Committee and the Senate Finance Committee debated the bill for 18 days before finally being approved and sent to President Roosevelt to sign. He signed the legislation on August 14, 1935. The Social Security Act of 1935 actually included a collection of seven different programs, including Old-Age Assistance, Federal Old-Age Benefits, Unemployment Insurance, Aid to Dependent Children, Grants to States for Maternal and Child Welfare, Public Health Work, and Aid to the Blind. When FDR signed the bill into law he was flanked by many members of Congress who supported the legislation.

Step Four: Implementing the Policy

Source:

Meyerson, Noah. "How Does Social Security Work?" Congressional Budget Office, 19 Sept. 2013. Web. 3 Nov. 2014. <http://www.cbo.gov/publication/44590>.

Summary:

The federal government spends more on Social Security than any other program and is administered by the Social Security Administration, an independent agency of the federal government. The program consists of two key parts: Old-Age and Survivors Insurance (OASI) which pays benefits to retired workers and their survivors (about 70% of payments), and Disability Insurance (DI) which pays benefits to disabled workers who have not reached full retirement age. Workers who have paid into the system for 10 years and have reached the minimum benefit age of 62 may begin to collect benefits. To fund the system, current workers pay a 6.2% payroll tax that is matched by employers, for a total of 12.4% of each worker’s income up to a cap of $113,700 in 2013. Therefore, Social Security is a pay-as-you-go system because contributions from current workers go directly to current beneficiaries. Currently, workers who retire at age of 65 receive an estimated annual benefit of about $18,000, or approximately 40% of their pre-retirement earnings.

Step Five: Evaluating the Policy

Source:

DeWitt, Larry. "Conceptual Foundations and Historical Precedents." *The Development of Social Security in America*. Social Security Administration, 2010. Web. 4 Nov. 2014. <http://www.ssa.gov/history/townsendproblems.html>.

Summary:

Social Security has been arguably the most successful federal government program in history. It currently has over 60 million beneficiaries and has paid out over $11 trillion in benefits to almost 213 million people since its inception. The program has helped to dramatically reduce the number of elderly Americans living in poverty. When Social Security was created a majority of the elderly lived in poverty; at the turn of the 20th century the percentage of elderly living in poverty had decreased to less than ten. While the program has benefited millions and currently provides critical income to many of the America's elderly and disabled, there are long-term financial concerns. For most of its existence, tax revenues exceeded benefits paid which caused the balance of the Social Security Trust Fund to increase. However, with the declining ratio of workers to beneficiaries, the amount of benefits paid is beginning to exceed revenues. Because of this, it is estimated that the Trust Fund will be depleted by around 2037. At this time, it is further estimated that tax revenues will only allow for about 76% of the promised benefits to be paid out to beneficiaries. This creates the need to increase the payroll tax, decrease benefits, or some combination thereof in order to pay the same level of benefits.