

## Economic Justice - 2001

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Speak up, judge righteously, champion the poor and the needy.  
Proverbs 31:9

### Issue

Recent economic and demographic changes threaten the ability of Social Security, Medicare and the minimum wage to provide economic protection for vulnerable populations.

### Background

Since 1935, three historic federal economic justice programs have markedly decreased poverty in the United States: the programs established by Social Security, Medicare and minimum wage legislation. Although remarkable in their achievements, each requires careful consideration and action at this time to maintain the integrity of their mission to combat poverty.

Established by the Social Security Act of 1935 to provide economic protection for the elderly, the program now provides benefits to approximately one in six persons in the United States: 68.6% of the recipients are retired workers and 31.3% include disabled workers, spouses of retired and disabled workers, widows and widowers, and their dependent children. As stated by the UAHC resolution "Social Security" (1999), the program "arguably the nation's most successful antipoverty program, is a social insurance program and a crucial safety net for some of our most vulnerable populations."

Funding for Social Security comes from payroll taxes (FICA) of 12.4%, employees and employers each pay half. Currently revenues exceed benefit payments and the surplus is invested as treasury bonds in the Social Security Trust Funds. For the past few years the program's trustees have questioned the future viability of Social Security. Based on conservative estimates they contend that starting in 2025 FICA revenues and the interest on the trust funds will be insufficient to cover the pledged benefits, requiring the tapping of trust fund reserves. They estimate that trust fund reserves will be depleted by 2038, an estimate that has exposed Social Security to calls for privatization through individual retirement accounts.

Most human needs advocates contend that the system is not in crisis, and major restructuring, such as privatization, is unnecessary, expensive and risky. Options are being proposed to address the shortfall within the current Social Security structure that would not be regressive, i.e., penalizing the poor. Moreover, the high cost of the transition of even a portion of Social Security to individual retirement accounts would increase the shortfall and would primarily benefit upper income earners. In addition, with privatization, individual risk is increased immeasurably. The current Social Security system provides workers with a bulwark of protection from market volatility. Women of Reform Judaism contends that any alteration to the Social Security system must continue to maintain its progressive and fair policies, protecting low income workers, disabled workers and families.

Founded in 1965, Medicare is a federal insurance program that helps cover health care costs for 39 million people; 34 million are 65 years of age and over and 5 million are disabled or have permanent kidney failure. Three quarters of Medicare recipients have annual incomes below \$25,000. Almost half of the seniors would lack health insurance if they did not have Medicare, which like Social Security is an effective anti-poverty program for the elderly. Medicare has also enhanced elderly access to care and contributed to the almost three year increase in life expectancy seen since 1965.

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A serious gap in the Medicare program is the lack of a prescription drug benefit plan. Needed prescription drugs often have prohibitive price tags, sometimes forcing the elderly to choose between their medications and other necessities. Several proposals are before Congress, which require close scrutiny and action.

Medicare solvency is a major concern. The program's costs were trimmed significantly in 1997 under the requirements of the Balanced Budget Act because the Hospital Insurance Trust Fund was expected to run out of funds by 2001. In addition, Medicare's growth was outpacing potential surpluses. Projections now suggest that the Hospital Insurance Trust fund will run out of money in 2008. The rapidly increased demand on the system caused by the coming retirement of the baby boomers presents a serious challenge to the financing of the Medicare program. Given its 1991 resolution calling for universal access to health care, Women of Reform Judaism considers protection of this vital program essential for the vulnerable populations it serves.

The U.S. Federal minimum wage was last increased to \$5.15 per hour in 1997. When first enacted in 1938, as part of the revolutionary Fair Labor Standards Act, minimum wage legislation sought fair compensation for workers and was considered a means to decrease poverty. The current minimum wage is not a livable wage and does not meet the original standards; a full time worker earns \$10,712 per year, which is almost \$4,000 lower than the poverty level for a family of three. A recent study by a national network of food banks revealed that 40% of those households seeking food aid included at least one working individual.

Although legislation to raise the minimum wage was not successful in the 106th Congress, a bill to increase it to \$6.65 by 2003 has been introduced in the House and Senate. The Economic Policy Institute estimates that 6.9 million workers would benefit from this increase in the minimum wage, most are the nation's poor, minorities and women.

Opponents argue that raising the minimum wage hurts small businesses and would increase joblessness. Studies have not indicated that this is the case, indeed a study in New Jersey found that employment increased and that workers were more motivated and productive, with decreased turnover. The administration has indicated that it would support a minimum wage increase only if states could opt out, which of course would nullify the legislation in those states.

On the other hand, several cities have passed legislation requiring city governments and contractors hired by them to pay regionally-determined livable wages. Since 1994, living wage campaigns have been successful in at least 60 communities, and 75 campaigns are underway across the country.

#### Resolution

Based on the traditional Jewish mandate to enable people to support themselves and on its commitment to work for economic justice, Women of Reform Judaism urges its United States affiliates to:

1. Implement sisterhood study programs to educate members about Social Security, Medicare and livable wage issues;
2. Support the responsible adjustment of the Social Security and Medicare programs rather than radical restructuring of the Social Security system with attention to securing its viability and maintaining its role as a risk free, progressive, and fair program, protecting retirement benefits, low income workers, disabled workers, widows, widowers, and dependent children;
3. Advocate legislation that will insure the financial viability of the Medicare program and preserve the trust fund;
4. Call for insurance coverage of prescription drugs for the elderly;
5. Urge federal officials to raise the minimum wage to a livable level without including a proviso enabling states to opt out of the increase; and
6. Work with local community coalitions on campaigns seeking a living wage for workers.

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