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Congress of the United States
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CONSUMER PROTECTION

February 4, 2005

The Honorable George W. Bush
The President
The White House
1600 Pennsylvania Avenue Northwest
Washington, D.C. 20500

Dear Mr. President:

On behalf of Florida's 11th Congressional District, I want to thank you for visiting Tampa as part of your national tour to discuss Social Security reform. I hope this event will give you the opportunity to have an open and honest discussion with Floridians of all ages about the challenges facing Social Security and how to best preserve the program for future generations, without driving up the federal debt.

As you are well aware, there are currently more than 3 million Floridians who rely on Social Security benefits. In Florida and nationwide, as countless retirees have come to realize that they may outlive both their savings and their good health, Social Security has become a virtual lifesaver. However, in Florida, given our state's demographics (Social Security beneficiaries comprise nearly 16 percent of our population) the stakes in any effort to reform Social Security are particularly high.

As part of any debate on reforming Social Security, we must first agree on the urgency of the problem. The Congressional Budget Office (CBO) states that Social Security will remain fully solvent until 2020. At that point, due to the growing number of retirees, Social Security payroll taxes will not be sufficient to meet the needs of beneficiaries, and Social Security must begin drawing on the trust fund to make up the difference. Fortunately, the Social Security Administration predicts that in 2020 the trust fund will contain \$5.8 trillion. CBO estimates that these reserves can keep Social Security operating until 2052.

Clearly steps must be taken to ensure that Social Security's promise is kept for future generations, and Congress must join you in a bipartisan effort to seek fiscally responsible solutions to the program's long-term problems. However, I was very concerned to hear the reform proposal you outlined during your State of the Union Address.

As you are aware, Social Security benefits are funded through a 12.4 percent payroll tax, divided equally between employees and employers. By allowing current workers to divert up to 4 percent of that 12.4 percent tax to personal accounts, your proposal will create a 30 percent shortfall in Social Security funds which will actually undermine the program. CBO estimates

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that this shortfall will drive up the federal debt by as much as \$2 trillion over the next ten years alone, and you have offered no plan on how to cover these costs.

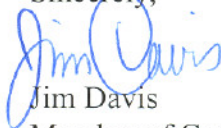
Mr. President, Florida's economic prosperity has been closely tied to the low interest rates which throughout the last decade have allowed small businesses to secure development loans, families to take on new home loans and young people to go to college with the help of student loans. On Wednesday, the Federal Reserve Board announced another increase to short-term interest rates. By continuing to drive up the federal debt, we can only expect those rates to rise higher, placing a double penalty on the future generations who will be forced to pay off our debt.

We cannot reform Social Security at the expense of our nation's economic well being. And if our goal is to preserve Social Security for the sake of future generations, we should be sure that any reforms do not leave them with a legacy of unpaid debts.

The American people deserve to be part of the discussion on the problems facing Social Security, options for reforming the program and the full consequences of reform proposals. As you are in Tampa and traveling around the country, I encourage you to begin this honest discussion with our citizens. We are embarking on a vital effort to protect Social Security, and for this reason, we need to work to strengthen the system with reasonable and appropriate changes.

I look forward to working with you and my colleagues in Congress as we tackle this difficult issue. I appreciate your attention to this important matter.

Sincerely,



Jim Davis

Member of Congress

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