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TESTIMONY OF

SUZANNE TAYLOR

CEO & FOUNDER OF

SAFETY ALERT, INC.

ON BEHALF OF

WIPP: WOMEN IMPACTING PUBLIC POLICY

BEFORE THE

PRESIDENT'S COMMISSION TO

STRENGTHEN SOCIAL SECURITY

Thursday, September 6, 2001

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Good morning Chairman Parsons and members of the President's Commission to Strengthen Social Security. My name is Suzanne Taylor and I am the CEO & Founder of Safety Alert, Inc., with offices in San Diego, Ventura, Santa Barbara and San Luis Obispo Counties in California. Safety Alert, Inc. provides mobile crisis response, training and consulting services.

In addition to being a small business owner, I am a Founding Partner of WIPP: Women Impacting Public Policy. WIPP is a national bi-partisan public policy organization that advocates for an on behalf of women in business, strengthening their sphere of influence in the legislative process of our nation, creating economic opportunities and building bridges and alliances to other small business organizations. I am also Past National President of the National Association of Women Business Owners (NAWBO).

WIPP and NAWBO represent this country's 9.1 million women business owners. Women business owners today employ 27.5 million workers (voters) and generate \$3.6 trillion in annual revenues. WIPP has surveyed its membership, which includes more than 200,000 women in business, and the Social Security issue ranks among their top five concerns.

The Center for Women's Business Research, founded as the National Foundation for Women Business Owners (NFWBO) 1999 statistics report reflects California has more than 1.2 million women business owners, representing 39 percent of all firms within the state. California women business owners employ 3.8 million workers and generate nearly \$549 billion in sales. There are 102,700 women business owners in San Diego County representing 40 percent of all firms. San Diego County WBO's employ 571,900 workers and generate \$46.2 billion in sales.

The Problem for Small Business

The "three-legged stool" of Social Security, personal savings and public and private pension plans is being increasingly threatened. The current "Pay as you go" system will become a serious drag on the economy and will limit economic growth if it is not reformed soon. The projected growth in the costs of the Social Security program will crowd out other programs. We are faced with a Social Security system that is unsound, a rapidly aging population and unacceptably low rates of personal savings. We need significant public policy and social responses to these issues.

Apart from questions of the system's solvency, there are various factors that lead to differential treatment of women under the Social Security system.

- Women, on average, live longer than men
- Women, on average, have lower lifetime earnings than men.
- Higher poverty rates for elderly women persist under the current system—with warning signs for tomorrow.
- Most women-owned businesses are small businesses or sole proprietors, thus the FICA tax is the largest and most burdensome tax these business owners pay.

American women are more likely to live in poverty during their retirement years than men and are also comparatively more likely to rely on Social Security to provide the majority of their retirement

income. The projected cash imbalances pose a disproportionate threat to women's retirement security. The rates of return on Social Security are abysmal, especially for single persons and double earner couples.

Small business is severely and more quickly impacted by slowdowns in the economy. The current system is a serious threat to the health of small business:

- because of its damaging impact to the economy;
- the uncertainty of the growth in the Social Security base (which must be matched by employers);
- And the ever increasing costs of other benefits for employees.

Proposed Actions to Address the Social Security Problem

Congress must stabilize the Social Security system. This may involve reforms in benefit formulas and/or payroll and benefit taxation. Because **any reform** will impact the current populace and future generations; small and large businesses and the federal budget; in summary our country's entire economic base, each consideration must be carefully analyzed as part of the 'whole'.

WIPP and NAWBO's members believe the following principles must apply to the reform process:

- 1) Permit workers to invest their retirement payroll taxes (FICA) in individually-directed personal retirement accounts (PRA's). Ensure ownership to women and stay-at-home spouses through a shared earnings rule.
- 2) Oppose an increase in payroll taxes.
- 3) Guarantee a "safety-net" (minimum government benefit) for all retirees. That is more progressive and lifts women out of poverty.
- 4) Preserve the benefits of retirees and near-retirees.
- 5) Oppose government investment in the stock market.
- 6) Oppose general revenue transfers (primarily income taxes) to Social Security in the absence of structural reforms.

Other organizations have joined with us and the Alliance for Worker Retirement Security (AWRS) to support these principles to effect real reform in the system.

A viable Social security reform proposal will reduce the projected growth of tax burdens upon future generations. Each proposal must be subject to a rate-of-return analysis that relates total benefits to total tax contributions. We know the problem and must rebuild the structure in a fair and equitable manner.

Thank you for allowing me the opportunity to present these ideas to the commission. WIPP and NAWBO stand ready to support real structural reform in the system.