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## **Comments on: “Bipartisan Proposals to Reform Social Security: Benefits Adjustments”**

**August 27, 2013**

**Submitted to the Committee on Ways and Means, U.S. House of Representatives on behalf of the co-chairs of the Consortium for Citizens with Disabilities Social Security Task Force.**

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The Consortium for Citizens with Disabilities (CCD) is a coalition of national organizations working together to advocate for national public policy that ensures the self-determination, independence, empowerment, integration and inclusion of the 57 million children and adults with disabilities in all aspects of society. The CCD Social Security Task Force focuses on disability policy issues in the Title II disability programs and the Title XVI Supplemental Security Income (SSI) program.

The co-chairs of the CCD Social Security Task Force submit these comments in response to the Ways and Means Committee’s request for comments on “Bipartisan Proposals to Reform Social Security: Benefits Adjustments.” The Committee’s request covers proposals made in the report filed by the co-chairs of the National Commission on Fiscal Responsibility and Reform, Alan Simpson and Erskine Bowles; and in the report issued by the Domenici-Rivlin Debt Reduction Task Force. The Committee requests comments on three proposals: raising the retirement age, changing the benefit formula, and increasing the special minimum benefit. Our comments address these proposals.

We strongly oppose any changes to the Social Security programs that would result in benefit cuts for current or future beneficiaries. Social Security benefits are already extremely modest and often inadequate and should not be reduced. A majority of Americans, across the political spectrum and all income levels, believe that Social Security benefits should be increased and dedicated program revenue should be increased to eliminate the current long-range shortfall and increase benefits.<sup>1</sup>

We support thoughtful efforts to strengthen the Social Security system’s long-term financing but changes to the programs should not be made in the context of deficit reduction, and should ensure a benefit formula that provides adequate protection against poverty. The Social Security system is a vital part of our social insurance safety net and protects some of the poorest and most

vulnerable Americans. Careful consideration should be given to the potential impact on seniors and people with disabilities before making any changes to such critical programs.

### **Retirement Age:**

We are opposed to increasing the early or full retirement age for Social Security benefits. Raising the retirement age is a benefit cut and we oppose cutting benefits for current or future beneficiaries, whether achieved by directly changing the eligibility age or indexing the eligibility age for life expectancy or some other indicator. We stand with the majority of Americans who believe the financing shortfall should be resolved by increasing revenues for the Social Security system.

In addition, it is important to remember that changes to the full retirement age have an impact on the Social Security Disability Insurance program's financing. As you know, an individual receiving disability benefits receives Social Security benefits paid for out of the Disability Insurance (DI) Trust Fund prior to reaching his or her full retirement age. Once a Social Security Disability Insurance (SSDI) beneficiary reaches full retirement age, however, the individual's benefits are paid for out of the Old Age and Survivors Trust Fund. Increases in the full retirement age mean that people receive benefits paid for by the DI Trust Fund for longer, putting additional strain on the DI Trust Fund's finances. We urge the Committee to strengthen the entire Social Security system and consider the impact of any changes to the Old Age and Survivors programs on the Disability program. We oppose any changes to the Old Age and Survivors program that negatively impact the Disability program and weaken the Social Security system as a result.

### **Special Minimum Benefit:**

Social Security is a very effective anti-poverty program. But 10 percent of seniors still live in poverty and the poverty rate is even higher for some groups, like widows. In addition, 44 percent of people receiving SSDI benefits live in poverty or have income below 125 percent of the federal poverty line (31 percent have income under 100 percent of the poverty line and 13 percent have income between 100 and 125 percent of the poverty line).<sup>2</sup> A few simple, inexpensive changes would make Social Security substantially more effective as an anti-poverty program.

One of these changes is the creation of a genuine minimum benefit and extending the benefit to people with disabilities who have only been able to contribute for a few years to the Social Security system due to their disability. This minimum benefit should ensure that no American who works hard for an entire career or has his career cut short due to disability should have to live in poverty. The benefit should be set significantly above the poverty line for retirees who worked for 40 years and phased down for retirees who worked fewer years (the work requirement should be shorter for people with disabilities). In addition, this benefit should grow with wages -- like the other parts of the Social Security system -- to ensure that it remains a robust and dignified source of income into the indefinite future.

### **Changes to the Benefit Formula:**

The current progressive nature of Social Security's benefit formula should be maintained. It has

served to provide lower income earners with a higher replacement rate on their lifetime earnings than higher income earners receive. Yet it has ensured that higher income earners are suitably rewarded for their higher lifetime earnings with higher retirement benefits.

Great care must be taken not to disturb this balance and the broad support that the Social Security system enjoys throughout our society. In addition, care must be taken not to disturb the dependents' benefits that flow from the work records of higher income earners. While some might argue that higher income earners can afford to receive an even lower replacement rate on their lifetime earnings, such claims do not necessarily hold true for their dependents, including disabled adult children, disabled widow(er)s, and spouses.

In addition, it is important to keep in mind that workers and their families can expect a set payment each month once they are determined eligible. Changes in the Primary Insurance Amount (PIA) will change not only retirement benefits, but survivor and disability benefits and disabled adult child benefits because they are set by the same formula. Reducing the PIA will force more people with disabilities further into poverty.

## **Conclusion**

The CCD Social Security Task Force co-chairs strongly support thoughtful efforts to strengthen the Social Security system's long-term financing. The sooner such action is taken the better as the modest changes that are required to restore long-term actuarial balance to the program can be made gradually and fairly given enough time to implement the changes. Strengthening Social Security does **not** require cutting benefits. Rather, the Committee should assure long-term solvency of the program by increasing the dedicated revenue to the Social Security system and increasing benefits.

Sincerely,

Consortium for Citizens with Disabilities Social Security Task Force Co-Chairs:

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<sup>1</sup> See e.g. National Academy of Social Insurance, *Strengthening Social Security: What Do Americans Want?*, 2013, available at <http://www.nasi.org/research/2013/highlights-strengthening-social-security-what-do-americans-w>

<sup>2</sup> Melissa M. Favreault et al., *How Important is Social Security Disability Insurance to U.S. Workers?*, Urban Institute, June 21, 2013, available at <http://www.urban.org/UploadedPDF/412847-how-important-is-social-security.pdf>.