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**Testimony before the Committee on Ways and Means,
Hearing on “The Social Security 2100 Act”**

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Thank you, Chairman Neal, Ranking Member Brady and Congressman Larson, for inviting me to speak today. It truly is an honor to be here.

My name is Abigail Zapote and I am the Executive Director of the Latinos for a Secure Retirement coalition. Our organizations represent the more than 58 million Latinos in the United States¹, nearly one out of every five Americans, and the fastest growing and youngest ethnic group in the United States, with a median age of 28.² By 2060, our community is poised to become 30% of the American workforce making it imperative to continue to have a strong and robust Social Security insurance program for future generations of beneficiaries.³ While Latinos in the U.S. have a diverse range of backgrounds and characteristics, we share a strong cultural value of *La Familia*. These family values of caring for your parents, spouses, and children are exemplified by Social Security.

Social Security is a vital safety net that protects American families. Children are protected in the event they are orphaned, or their parents become disabled. Workers are protected if they can no longer work because of disability and parents and grandparents are protected when they become too old to continue working. Social Security is a sacred trust between generations and represents our Latino family values.

¹ In 2015, the Census Bureau projected that in 2060, Hispanic people will comprise 28.6% of the total population, with 119 million Hispanic individuals residing in the United States. There are an estimated 58.9 million Hispanic people in the United States, comprising 18.1% of the population. <https://www.cnn.com/2013/09/20/us/hispanics-in-the-u-s-/index.html>

² The nation’s Latino population has long been one of its youngest. In 2014, the most recent year for which data are available, the median age of Hispanics – 28 years – was well below that of the major racial groups and has been so since at least the 1980s. <http://www.pewhispanic.org/2016/04/20/the-nations-latino-population-is-defined-by-its-youth/>

³ “Hispanics are projected to increase their share of the labor force due to higher birth, labor force participation, and immigration rates. Persons of Hispanic or Latino ethnicity can be of any race. Growth of the Hispanic labor force is expected to be higher than the growth of the non-Hispanic labor force” <https://www.bls.gov/spotlight/2016/a-look-at-the-future-of-the-us-labor-force-to-2060/pdf/a-look-at-the-future-of-the-us-labor-force-to-2060.pdf>

I sit before you today, not just on behalf of Latinos but with a tremendous responsibility to millions of Americans who cannot be here today to take a stand in protecting Social Security. First and foremost, by saying NO to proposals that would cut benefits, NO to proposals calling for privatization, and NO to proposals that would raise the full benefit age, as we know this results in lower benefits no matter at what age benefits are claimed. Additionally, raising the retirement age is a benefit cut and against the principles of the Latinos for a Secure Retirement coalition.

Secondly, to speak to the importance of the Social Security 2100 Act which will improve Social Security and exponentially increase quality-of-life for beneficiaries, reduce elder poverty rates and solve the Social Security solvency crisis. These include: (1) the use of the Consumer Price Index for the Elderly (CPI-E) when projecting the cost-of-living adjustments (COLA), (2) raising the income floor for vulnerable elders through a special minimum benefit, (3) ensuring that increased benefits from this bill won't count as income when determining the eligibility to Medicaid, CHIP and SSI; and (4) includes income above \$400K when calculating benefits and taxes to ensure everyone pays their fair share into Social Security.

To put in perspective why Social Security is so important to our community's retirement security, I'd like to offer a few points.

- In 2017, —nearly one of five—Latino workers were paid poverty wages that left them below the federal poverty line, even when they worked full-time and year-round.
- In 2016, Latinos had a median wealth of \$6,400 compared to the White median wealth of \$140,500. A wealth disparity that was increased during the Housing Market crash in 2008 where Latinos not only lost their homes but their retirement wealth in the process.
- Currently, only 38% of the Latino US workforce has access to employer sponsored retirement plans leading to a lack of retirement accounts for 69% of Latino working age households.
- In 2018, the average annual benefit for seniors was \$16,956. These benefits are far from generous. Yet, for Latinos, these benefits are lower and even more critical for their livelihood. The average 2016 benefit for Latino men

was \$14,708 but only \$12,260 for Latina women. These Social Security benefits compromise nearly all the income for more than HALF of Latino elderly households and represent 74.2% of the total income of Latino elderly households receiving benefits.

- On average, Latinos in the U.S. are paid 47% less than white men and 31% less than white women.⁴ Lower earnings for Latinas means less money for their families. More than half of Latina mothers are the breadwinners for their households. When they are paid less, it's harder for them to pay for groceries, childcare, rent, tuition – all the costs of supporting a family.⁵ Retirement is the last of their concerns in these situations.

Currently, the struggle against racial inequality follows many Black and Latino Americans into retirement. The rates for our communities are staggering as nearly 20 percent of Black and Latino adults over the age of 65 live in poverty. Our congressional leaders need to address this alarming civil rights issue our retirees currently face and that future generations will dreadfully face amongst other woes that include rising student debt.

As healthcare, housing, and living-expenses for seniors continue to rise, we know that our seniors DESERVE a robust program that they can depend on. Our community deserves policy that provides ALL Americans benefit equity as they enjoy their Golden Years.

Benefits

The Social Security 2100 Act would increase Social Security's modest benefits for the 63 million Americans receiving those earned benefits today, as well as every single American who will receive them in the future.⁶

In 2018, the average annual benefit for seniors was \$16,956.⁷ These benefits are far from generous. Yet, for Latinos, these benefits are lower and even more critical for

⁴ "Data About the Gender Pay Gap for Latinas" 2019 Available at: <https://leanin.org/data-about-the-gender-pay-gap-for-latinas>

⁵ "Data About the Gender Pay Gap for Latinas" 2019 Available at: <https://leanin.org/data-about-the-gender-pay-gap-for-latinas>

⁶ "A Huge Step Forward In The Quest To Expand Social Security," Nancy Altman, 2019 Available at: <https://www.forbes.com/sites/nancyaltman/2019/01/30/a-huge-step-forward-in-the-quest-to-expand-social-security/#7cc9f49d6849>

⁷ Calculated from \$1,413 average monthly benefit. "Social Security Fact Sheet", Social Security Administration, 2018. Available at: <https://www.ssa.gov/news/press/factsheets/basicfact-alt.pdf>

their livelihood. The average 2016 benefit for Latino men was \$14,708 and only \$12,260 for Latina women.⁸ These Social Security benefits compromise nearly all the income for more than half, 57.5 percent, of Latino elderly households and represent 74.2 percent of the total income of Latino elderly households receiving benefits.⁹

Without Social Security, the elderly Latino poverty rate would increase from roughly 1 out of 6 (17.9 percent) to 1 out of 2 (50.7 percent).¹⁰ Latinos depend on Social Security more than other groups because they tend to have lower lifetime income, longer life expectancies, higher incidence of disability and larger families.¹¹

This is the reality that many Latino seniors face every day. Relying on Social Security and community programs as lifelines in seeing a doctor, in finding housing and to affording food.

Consumer Price Index for the Elderly (CPI-E)

Due to the increase in healthcare, housing, and living-expenses for seniors, changing the CPI is a top priority for our coalition. We urge the adoption of a consumer price index (CPI) for the elderly, or CPI-E, as a more accurate means of calculating Social Security COLAs.

Seniors spend a significant portion of their income on out-of-pocket health care expenses not covered by Medicare. As time goes by, more and more of their Social Security benefit checks will be eaten up by rising health care costs. According to the Medicare Trustees, 33 percent of the average senior's Social Security check will be consumed by Medicare out-of-pocket costs by 2091, compared with 25 percent today.¹²

⁸ "Social Security is Important to Hispanics", Social Security Administration, 2018 Available at: <https://www.ssa.gov/news/press/factsheets/hispanics-alt.pdf>

⁹ Importance of Social Security relative to total income from "Table 9.A3 Percentage distribution of beneficiary units, by race, Hispanic origin, and marital status, 2014," in *Income of the Population 55 or Older, 2014* (Social Security Administration, 2016)

¹⁰ Torres-Gil, Fernando et al, "The Importance of Social Security to the Hispanic Community," (Washington: center on Budget and Policy Priorities, 2005)

¹¹ "Social Security is Important to Hispanics", Social Security Administration, 2018 Available at: <https://www.ssa.gov/news/press/factsheets/hispanics-alt.pdf>

¹² Social Security Policy Papers, 2017 Available at: <https://www.ncpssm.org/documents/social-security-policy-papers/the-cpi-e-a-better-option-for-calculating-social-security-colas/>

This proposal would ensure that the Consumer Price Index reflects the expenditures of the elderly and produce a higher cost-of-living-adjustment that truly keeps pace with inflation.

Raise the Income Floor for Vulnerable Elders¹³

In 2017, 19.2 percent –nearly one of five—Latino workers were paid poverty wages –i.e. hourly wages that would leave them below the federal poverty guideline, even when they worked full-time, year-round.¹⁴ Additionally, Latinos tend to work for employers who do not offer retirement accounts which leaves them disproportionately unprepared for retirement.

To protect long service low wage workers, a special minimum benefit should be enacted to pay 125 percent of the poverty line for those who have worked 30 years and retire at the normal retirement age.¹⁵ It should be indexed to wage growth in the same way that other benefits are for those newly eligible. We believe the special benefit minimum will ensure benefit adequacy for all Americans. Strengthening the special minimum benefit would increase the projected 75-year deficit by about 6.5 percent.

Includes Income Above \$400K when Calculating Benefits and Taxes to Ensure Everyone Pays their Fair Share into Social Security

The vast majority of working Americans will contribute to Social Security with every paycheck they earn. This includes even the lowest-paid workers—those who earn the federal minimum wage of just \$7.25 per hour—who haven't seen a raise in 10 years. In 2019, every dollar earned above the payroll tax cap of \$132,900 will escape Social Security payroll taxes entirely.¹⁶ Through the Social Security 2100 Act all income above \$400K will be included when calculating future benefits and taxes to ensure that everyone pays their fair share into Social Security.

¹³ "Strengthening Social Security for the Long Run," National Academy of Social Insurance Social Security Brief, 2010. Available at https://www.nasi.org/sites/default/files/research/SS_Brief_035.pdf

¹⁴ "Workers of color are far more likely to be paid poverty-level wages than white workers," Economic Policy Institute, 2018. Available at: <https://www.epi.org/blog/workers-of-color-are-far-more-likely-to-be-paid-poverty-level-wages-than-white-workers/>

¹⁵ "Strengthening Social Security for the Long Run," National Academy of Social Insurance Social Security Brief, 2010. Available at https://www.nasi.org/sites/default/files/research/SS_Brief_035.pdf

¹⁶ "Here's how much America's rising income inequality is costing Social Security," Center for American Progress, 2019. Available at: <https://www.americanprogress.org/issues/poverty/news/2019/02/13/466134/heres-much-americas-rising-income-inequality-costing-social-security/>

It is estimated that if Social Security's taxable wage base had remained at 90 percent of earnings since 1983, the assets in the combined trust funds would have been \$1.4 trillion greater at the end of 2017. This alone would close nearly 11 percent of Social Security's anticipated 75-year funding shortfall.¹⁷

This solution will cover a larger percent of earnings and provide peace of mind to workers of all ages that they can count on the program to be there for them and their children.¹⁸

Additional Solutions

1. Increase Funding to SSA's Operating Budget

I'd be remiss if I didn't include additional solutions in my testimony by asking the entire committee to increase funding to SSA's operating budget. In recent years, SSA's operating budget fell nearly 9 percent between 2010 and 2018, after adjusting for inflation — even as the number of beneficiaries (including retirement, survivors, and disability benefits) grew by nearly 15 percent. We propose a reinvestment into SSA's operating budget to better serve America's growing Social Security beneficiary population.¹⁹

These investments could include: (1) sending earning statements to American wage earners, as the law requires, but is not being done; (2) fully staffing existing field offices and re-opening those that have been closed in underserved areas; (3) hiring additional SSA customer service staff to operate the 1-800 number, so the American people are not confronted with long waits and busy signals; (4) clear disability back logs; (5) increasing SSA's core operating budget; (6) increasing field office hours; (7) improve technological advancements to aid in clearing backlogs, and (8) hiring additional administrative law judges (ALJ).

2. Caregiver Credit

¹⁷ "Here's how much America's rising income inequality is costing Social Security," Center for American Progress, 2019. Available at: <https://www.americanprogress.org/issues/poverty/news/2019/02/13/466134/heres-much-americas-rising-income-inequality-costing-social-security/>

¹⁸ "Strengthening Social Security for the Long Run," National Academy of Social Insurance Social Security Brief, 2010. Available at https://www.nasi.org/sites/default/files/research/SS_Brief_035.pdf

¹⁹ "Cash-strapped Social Security Needs More Funds to Improve Customer Service," Center on Budget and Policy Priorities, 2018. Available at: <https://www.cbpp.org/blog/cash-strapped-social-security-needs-more-funds-to-improve-customer-service>

Strong family values in the Latino community means workers are also become primary caretakers for elderly relatives and children. The typical Hispanic caretaker is a middle-aged woman who spends about 32 hours a week helping with bathing, dressing, running errands, managing finances and providing medical or nursing care.²⁰ Not only does the caretaker take on this full-time responsibility she often does this without pay and without the assistance of paid help. This leaves her vulnerable to losing actual paid wages which may prevent her from earning full earning credits to receive full Social Security benefits.

A caregiver credit would provide caregivers a Social Security earnings credit when they take unpaid time off from their employment to provide care, whether by leaving their jobs or reducing their hours. The credit would be added to earnings to calculate future Social Security benefits for the caregiver's retirement.

3. Insure College and Vocational Students of Deceased and Disabled Parents²¹

Another favorable benefit would provide Social Security benefits for students of deceased or disabled parents. Consequently, Latinos are more likely than the population as a whole to have a deceased or disabled parent due to employment in physically demanding jobs or jobs with difficult working conditions.²² This change would help address college affordability for a disproportionately low-income group and provide additional incentives for them to stay in college. Polls show that 78 percent of Americans favor this option.²³

Social Security historically paid benefits to children of retired, deceased, or disabled beneficiaries until the age of 22 if they were in college. However, the law was changed in 1981 to end benefits for student children once they either graduated high school or turned 19, in part because of the belief that higher education had become more affordable for disadvantaged youth. Since then,

²⁰ "The Hispanic/Latino Caregiver," Caregiving in the U.S., 2015. Available at: https://www.caregiving.org/wp-content/uploads/2015/05/Caregiving-in-the-US-2015_HispanicLatino_CGProfile.pdf

²¹ "Strengthening Social Security for the Long Run," National Academy of Social Insurance Social Security Brief, 2010. Available at https://www.nasi.org/sites/default/files/research/SS_Brief_035.pdf

²² "Hard Work? Patterns in Physically Demanding Labor Among Older Workers" Center for Economic and Policy Research, 2010 Available at: <http://cepr.net/documents/publications/older-workers-2010-08.pdf>

²³ "A New Deal for Young Adults: Social Security Benefits for Post-Secondary School Students," National Academy of Social Insurance, 2010. Available at: <https://www.nasi.org/research/2010/new-deal-young-adults-social-security-benefits-post>

college costs have skyrocketed, and higher education has become even more essential to long-term labor market success.

The cost of providing this important new benefit would be modest, it would only add about 3.5 percent to the projected 75-year deficit. However, the ultimate benefit may be the future economic growth realized by investing in Americans. A college graduate will on average make about \$26,000 more annually than someone with only a high school education, contributing \$145,000 more into the Social Security trust fund over their lifetime.

Conclusion:

Social Security is clearly the bedrock of our nation's retirement security and an indispensable lifeline for our nation's seniors, disabled, widows and orphans. Any attempts at reforming Social Security must recognize the importance of these benefit enhancements to secure social security for the future and demonstrate that Washington is listening to what Americans say they want.