

**Hearing on Protecting and Improving Social
Security:
Benefit Enhancements**

HEARING
BEFORE THE
SUBCOMMITTEE ON SOCIAL SECURITY
OF THE
COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES
ONE HUNDRED SIXTEENTH CONGRESS
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**Hearing on Protecting and Improving Social Security:
Benefit Enhancements**

U.S. House of Representatives,
Committee on Ways and Means,
Washington, D.C

WITNESSES

Max Richtman

President and CEO

National Committee to Preserve Social Security and Medicare

Bette Marafino

President

Connecticut Alliance for Retired Americans

Abigail Zapote

Executive Director

Latinos for a Secure Retirement

Andrew Biggs

Resident Scholar

American Enterprise Institute

Joan Entmacher

Senior Fellow

National Academy of Social Insurance

Donna Butts

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HOUSE COMMITTEE ON WAYS & MEANS

CHAIRMAN RICHARD E. NEAL

ADVISORY

FROM THE COMMITTEE ON WAYS AND MEANS SUBCOMMITTEE ON SOCIAL SECURITY

FOR IMMEDIATE RELEASE
March 6, 2019
No. SS-2

CONTACT: (202) 225-3625

**Social Security Subcommittee Chairman Larson Announces a Subcommittee Hearing
on
Protecting and Improving Social Security:
Benefit Enhancements**

House Ways and Means Social Security Subcommittee Chairman John B. Larson (D-CT) announced today that the Subcommittee is holding the second hearing in its series on “Protecting and Improving Social Security.” The hearing, “Protecting and Improving Social Security: Benefit Enhancements,” will take place on Wednesday, March 13, 2019, at 2:00 PM, in room 2020 Rayburn House Office Building.

In view of the limited time available to hear witnesses, oral testimony at this hearing will be from invited witnesses only. However, any individual or organization not scheduled for an oral appearance may submit a written statement for consideration by the Committee and for inclusion in the printed record of the hearing.

DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:

Please Note: Any person(s) and/or organization(s) wishing to submit written comments for the hearing record must follow the appropriate link on the hearing page of the Committee website and complete the informational forms. From the Committee homepage, <http://waysandmeans.house.gov>, select “Hearings.” Select the hearing for which you would like to make a submission, and click on the link entitled, “Click here to provide a submission for the record.” Once you have followed the online instructions, submit all requested information. ATTACH your submission as a Word document, in compliance with the formatting requirements listed below, **by the close of business on**

Wednesday, March 27, 2019. For questions, or if you encounter technical problems, please call (202) 225-3625.

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All submissions and supplementary materials must be submitted in a single document via email, provided in Word format and must not exceed a total of 10 pages. Witnesses and submitters are advised that the Committee relies on electronic submissions for printing the official hearing record.

All submissions must include a list of all clients, persons and/or organizations on whose behalf the witness appears. The name, company, address, telephone, and fax numbers of each witness must be included in the body of the email. Please exclude any personal identifiable information in the attached submission.

Failure to follow the formatting requirements may result in the exclusion of a submission. All submissions for the record are final.

The Committee seeks to make its facilities accessible to persons with disabilities. If you require special accommodations, please call (202) 225-3625 in advance of the event (four business days' notice is requested). Questions regarding special accommodation needs in general (including availability of Committee materials in alternative formats) may be directed to the Committee as noted above.

Note: All Committee advisories and news releases are available at <http://www.waysandmeans.house.gov/>

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PROTECTING AND IMPROVING SOCIAL SECURITY:

BENEFIT ENHANCEMENTS

Wednesday, March 13, 2019

House of Representatives,

Subcommittee on Social Security,

Committee on Ways and Means,

Washington, D.C.

The Subcommittee met, pursuant to notice, at 2:15 p.m., in Room 2020 Rayburn House Office Building, Hon. John Larson [Chairman of the Subcommittee] presiding.

*Chairman Larson. With that, I call the committee to order. This is a hearing of the Subcommittee on Social Security on Protecting and Improving Social Security: Benefit Enhancements.

I want to thank everybody who was here yesterday for their participation, both those of you who were in the audience yesterday and the members who took part in the hearing. Today is the second hearing in a series on protecting and improving Social Security. Yesterday, we focused on the importance of Social Security and how it provides the middle class with economic security. Today, the focus is on how we can strengthen Social Security through benefit enhancements to meet the needs of today's beneficiaries and future generations.

Social Security benefits are an essential lifeline for millions of Americans. Without Social Security, 43 percent of older women would be living in poverty. And, as we heard yesterday from Maya Rockey Moore Cummings, a small business owner, Social Security provides not only a safety net but actually it is a boon to entrepreneurship so that, providing the opportunity for business formation in this country, entrepreneurs are able to take risks because they know that Social Security will be there.

That is why we need to act to strengthen Social Security and its benefits, because even with Social Security, seniors

are struggling. According to a study done by an economist at the Federal Reserve, savings from private retirement plans are concentrated in the top 25 percent of the population. So, in other words, the data shows that 75 percent of Americans are, on average, not saving enough retirement income through private plans.

After the great recession 10 years ago, many saw their retirement savings wiped out. And according to economists at the Federal Reserve, on average 90 percent of households have not regained the wealth they lost in the recession. But Social Security remains there for them. It is consistent. Or, as Chairman Neal often says, you can outlive an annuity but you cannot outlive Social Security.

Social Security is the working person's retirement guarantee. Social Security 2100 Act, we believe, will strengthen this guarantee and allow seniors to retire with dignity by providing real benefits for them. It establishes a minimum benefit for Social Security that is 125 percent above the poverty level, ensuring no one that has worked their whole life will be able to retire into poverty.

And unfortunately, for more than 5 million Americans, that is the current case and more than three million women, and especially women of color.

It also takes into account seniors' actual needs when it comes to cost of living adjustments, commonly referred to as

COLAs. The Social Security 2100 Act implements a COLA that is endorsed by the AARP, known as CPI-E, the E standing for elderly, and the actual costs that they incur. And whether that is heating and cooling your home, whether that is pharmaceuticals, whether that is doctor visits, whether it is physical therapy, these are all vitally important.

At yesterday's hearing, there was a lot of talk about people wanting to strengthen Social Security and we welcome that. But it is important that we get into the substance as well.

We are holding public hearings so that we can shine a bright light on all the proposals to secure Social Security that will help the American people. I want to thank Representative Rice yesterday for acknowledging that Chairman Johnson had a plan as well, and that Chairman Johnson, who we acknowledged yesterday for his distinguished service to his country, an iconic national hero, also had a proposal, a proposal that the chief actuaries also found was sufficiently solvent beyond 75 years. Of course, that bill was never heard. But it also cut benefits on average by 30 percent.

And I want to thank again Congressman Rice again for pointing that out in the discussion, of which he said there has got to be a need for us to come together as a committee and discuss this issue. And I think we should. And so that when we put forward proposals, whether they are goals or

standards, that we talk specifically about just what it is that we are going to do. And I hope that our panel can accomplish that today.

Our solution on this side is Social Security 2100. This would boost benefits and reaches solvency and does so by a modest premium increase. Because, as President Roosevelt intended, everybody in this country has skin in the game. Everybody, every American, understands when they look at their paycheck and they see FICA that it stands for Federal Insurance Contribution Act. They understand that they take that money out of their paycheck each and every week, biweek or month, so that they can have an earned benefit by way of an insurance policy that not only serves as a retirement vehicle but, unlike any other policy or program in this great government of ours, provides a disability benefit, provides spousal and dependent coverage as well.

The story of Social Security is replete, and we heard many good stories, including yesterday of the Republican leader's mother and what she had to endure in raising that great family that she did. And so we are pleased again today that we are going to be able to focus on this.

And I just wanted to take a look at a couple of things, including I would ask to submit for the record Americans Make Hard Choices on Social Security, a Survey with Tradeoff Analysis.

And this was done by the National Academy of Social Insurance.

[\[The information follows:\]](#)

*Chairman Larson. And I submit that for the record because, you know, what we find is that people have come to favor Social Security in this manner. A majority of the public does not mind paying for Social Security because it provides security and stability to millions of retired, disabled individuals, children and widows, spouses of deceased workers. And, according to the National Academy of Social Insurance, it is favored by Republicans by 72 percent, by independents by 81 and by Democrats by 87 percent. A majority of the public favors a proposal to increase Social Security benefits, including the Committee to Preserve Social Security and Medicare, Republicans by 66 percent, independents by 70 percent and Democrats by 84 percent.

Americans are willing to pay a little bit more to strengthen Social Security. With the Social Security 2100 Act, the average working American would only have to pay about 50 cents a week to make sure that Social Security is solvent beyond 75 years, provides a 2 percent overall increase for everyone, makes sure that no woman can retire into poverty or no working person can, to make sure that we have a COLA that actually reflects the real costs that the elderly incur, and to make sure that there is a tax cut -- a tax cut -- for more than 12 million Americans who, because in 1983, the last time that we did anything significant with the program of Social Security was the last time that we altered

this program in any significant or meaningful way.

But by moving Social Security for the individual from being taxed on \$24,000 if you are an individual and 32,000 if you are a married couple, by moving that to 50,000 and 100,000, 12 million Americans will receive an immediate tax cut. And so we are here today again to talk about the need to expand the benefits and what great benefits that Social Security provides.

And with that, I will recognize the Republican Leader, my good friend, Tom Reed.

[\[The information follows:\]](#)

*Mr. Reed. Well, thank you, Mr. Chairman. And to the witnesses, I welcome you. And I apologize for being tied up on the Floor with that vote.

And, Mr. Chairman, I really do appreciate this second hearing today on Social Security. As we indicated yesterday, I am happy to join you on this issue that is so important to so many Americans that face the issue of Social Security insolvency in 2034. And this is an important topic and I am glad to see that we are focusing on this topic as opposed to some of those on the other side that are focused on the issue of impeachment and other issues of the President.

Mr. Chairman, as I mentioned yesterday, and I shared

with you and to those in this chamber the story of my mother, a widow raising 12 kids all by herself, who relied on Social Security, a military retirement benefit and a life insurance benefit, and recognizing those three legs of the stool, if you would, that were able to keep our family intact and brought a lot of security to our family in regards to knowing that we would have a roof over our heads and food on the table.

And so we share the commitment to Social Security, I share the commitment, and I know my colleagues on this dais share the commitment to work with you and with our Democratic colleagues to achieve reform in Social Security that is going to ensure that Social Security is here, not only today, tomorrow, but for generations to come.

And as I stated yesterday, the principles and the mission that we start this conversation with are clear. And because of their importance, I will state them again today. The mission of the Republicans on this subcommittee is to secure Social Security benefits without tax increases. The principles are simple. They are known as LEAP, the long-term economic growth by encouraging work, not penalizing it. Equal treatment for public servants. Acting now to defend those future generations' benefits. And protecting the most vulnerable people through focused reforms.

One of our principles is very much at the heart of

today's hearing, protecting the most vulnerable people through focused reforms. As we heard in the story of my mother, she was a worker who held many jobs. And this is true for many people. Just yesterday, I heard from a constituent who retired but still wanted to work part time after claiming his earned Social Security benefits. However, this constituent had not reached his full retirement age. So that means those benefits are reduced if he earns too much. That is wrong and it does not reward work or help seniors who are trying to transition into retirement.

As Mr. Biggs and others will testify, widows who have worked and earned their own Social Security benefits face a potentially devastating reduction in the household Social Security benefits upon the death of a spouse. That also does not reward work and it puts widows who have worked their entire lives at risk of poverty.

And Chairman Larson's plan, Former Chairman Johnson's plan, as well as many others, seek to make sure that the long career low-wage worker has a minimum benefit that actually means something, because that is the right thing to do after years of hard work.

These are just a few of the examples I hope we can talk about today. As all of our witnesses will share in their stories, Social Security does not always work well for workers and their families today. That is because much of

the program we know today as Social Security was designed in the late 1930s. A lot has changed since then.

Today, more women are working, people start their families later and, in some cases, they are living longer. It is time to take a hard look, figure out what is working, what is not and then come together to find bipartisan solutions to address these problems.

But as we heard yesterday from Joseph, efforts to address Social Security solvency strictly by raising taxes would be devastating to our job creators. Jobs are the cornerstone of Social Security. You earn Social Security benefits as a result of work. We must never hurt job creation and wage growth as we move forward. To do so would harm Social Security, not help it.

Thanks to tax cuts, workers have more money in their pockets, companies are investing in their businesses and, as a result, our economy is booming. We should recognize this success and build off of it, to ensure those workers are rewarded for their hard work, not penalized.

Mr. Chairman, we are in earnest in our desire to work with you and look forward to hearing from our witnesses today. I know we all came here to solve big problems and to help people, Democrats and Republicans. I cannot think of a more important problem to solve than Social Security solvency. This will guarantee Americans can count on the

program now and for generations to come. And, as I have learned firsthand, being raised by that single mom, Betty, my greatest idol and inspiration, securing Social Security is a mission we must achieve.

And with that, I yield back.

[\[The information follows:\]](#)

*Chairman Larson. I thank the distinguished Republican Leader and we look forward to working with you. We look forward to seeing the specifics of your plan. Because I think without a plan or without a concept to demonstrate for witnesses and what people can actually take a look at, it is hard to talk about platitudes, however lofty and idyllic they are.

And our panelists here today are here to discuss from their perspective the importance of benefits and what they mean to the public and we have, God bless them, they arrived early. And, I as I explained, we had a vote. But we will be hearing from Max Richtman, from Bette Marafino, from Abigail Zapote, from Mr. Andrew Biggs, From Joan Entmacher and finally from Donna Butts. Each of your statements will be made as part of the record in its entirety. I would ask that you summarize your testimony in five minutes or less.

To help you with that time, there is a timing light on

your table. When you have one minute left, the light will switch from green to yellow, and then finally to red when the five minutes is up.

We will begin with Mr. Richtman.

STATEMENT OF MAX RICHTMAN, PRESIDENT AND CEO, NATIONAL
COMMITTEE TO PRESERVE SOCIAL SECURITY AND MEDICARE

*Mr. Richtman. Chairman Larson, Ranking Member Reed, members of this subcommittee, on behalf of the millions of members and supporters of the National Committee to Preserve Social Security and Medicare, thank you for holding this hearing and for inviting me to testify.

Since the program's creation 84 years ago, Social Security has been and is an enormously successful program that is essential to the retirement security of a vast majority of Americans. While Social Security benefits are modest, averaging about \$17,000 a year, Social Security is still the single largest source of income for retired Americans.

To ensure the program's continued success, it is vitally important that long-term solvency be restored and that the Social Security benefits be improved to meet the needs of all Americans. We believe that it is essential that proposals to strengthen the adequacy of Social Security benefits for all effectively address the economic inequality disproportionately faced by women and communities of color as well.

For example, women have been and continue to be subjected to persistent gender wage discrimination that leads

to smaller Social Security benefits. Women often give up jobs and paychecks to care for children and elderly parents, also leading to reductions in Social Security benefits. Women are less likely to have a pension and, even if they do have a pension, it is usually less than what men receive. And finally, women live longer than men and consequently are more likely to outlive their retirement savings.

Likewise, Social Security is extremely important to communities of color because African and Latino Americans tend to have lower earnings and less pension coverage than white Americans. For instance, almost 50 percent of African American beneficiaries, 52 percent of Latino beneficiaries, rely on Social Security for 90 percent or more of their income in retirement. This compares to about 40 percent of all races who depend on Social Security for 90 percent or more of their income.

These facts led the National Committee's decision to prioritize retirement equity, supporting legislation that rights the economic wrongs threatening millions of Americans. To that end, we support several proposals that would improve benefits which are explained at length in my written testimony and I would just like to highlight a couple of our recommendations.

First, we support improving Social Security's survivor benefits, to treat one-earner and two-earner couples more

fairly and reduce the likelihood that survivors fall into poverty.

We believe that Social Security credits should be given to caregivers of children and elderly family members.

We also propose that future cost of living adjustments be based on a fully developed consumer price index for the elderly or CPI-E. CPI-E would more accurately measure the rising prices of goods and services paid by seniors than current urban and clerical worker index, that is what is currently used.

Finally, seniors age 85 and older, and women in particular, are more likely to be financially vulnerable even with Social Security. To ensure additional security, we support a benefit, we call it a bump-up for all beneficiaries 20 years after retirement.

To make these important proposals affordable and extend the program's long-term solvency the National Committee supports strengthening the financing of Social Security by first eliminating the cap on Social Security payroll contributions so that rich and poor and those in between pay at the same rate, and by gradually increasing the Social Security contribution rate.

Mr. Chairman, members of the subcommittee, three decades of stagnant middle class wages and eroding retirement benefits threaten to put millions of retirees on a path to

hardship. Women and communities of color are on a more troubling path because they face this retirement crisis and also bear the burden of years of economic inequality. The proposals I have discussed in my oral and written testimony will address Social Security inequality for women, communities of color and help ensure a livable retirement for more Americans.

And we applaud you, Mr. Chairman, as well as Congressman DeFazio and Senators Blumenthal, Sanders, Casey, Van Hollen and others who have introduced many of these proposals as legislation. Finally, I urge the Ways and Means Committee to approve this legislation and ensure that all Americans can depend on Social Security to protect them against the growing need for economic security and retirement, disability and survivorship. Thank you very much.

[\[The statement of Mr. Richtman follows:\]](#)

*Chairman Larson. Thank you, Mr. Richman.

And now it is my great pleasure to recognize someone from my home state of Connecticut, a retired English professor and teacher who represents the Alliance for Americans, Bette Marafino.

STATEMENT OF BETTE MARAFINO, PRESIDENT, CONNECTICUT ALLIANCE
OF RETIRED AMERICANS

*Ms. Marafino. Thank you, Congressman Larson and Ranking Member Reed and members of the Social Security Subcommittee. I am from West Hartford, Connecticut, and I am Bette Marafino, president of the Connecticut Alliance for Retired Americans, a grassroots advocacy organization of more than 57,000 people. We are an affiliate of the Alliance for Retired Americans, which has 4.4 million members and is fighting to protect the health and economic security all older Americans.

As part of our outreach, members of the alliance speak with and interview retirees all across the country. Health concerns and income security are common to most seniors. And many tell us their only income is their monthly Social Security check. Retirees fear what would happen to them if Social Security were cut and worry about the skyrocketing cost of prescription drugs.

I would like to share a couple of stories we gathered that illustrate the challenges facing older Americans. David, from New Haven, Connecticut says, my wife and I retired and we both have several health problems. We live on 900 a month from Social Security. We are worried that if we lose Social Security through a benefit cut or have Medicare

coverage reduced, we would be unable to pay for our health care.

Mary of Essex, Connecticut says, I have crippling rheumatoid arthritis and get an infusion every six weeks. The cost for this procedure is \$4,200. Without this treatment, I would be confined to a wheelchair. I worry that if Medicare is reduced, I would not be able to afford this treatment. I do not have a pension and receive 700 a month from Social Security. Every month, I take money out of my small bank account to supplement my Social Security check. I am 78 and hope I don't live a long life because I do not want to rely on my relatives to help me.

On a personal note, my maternal grandmother, mother of six and a widow at age 50, often said how glad she was to receive my grandfather's Social Security check. Because that check, she said, kept her out of the poorhouse. At the time, Connecticut had poorhouses in many communities for those with little money. There was one not very far from my grandmother's house. And every week, she baked her babka and brought it to the poorhouse and sometimes I would visit with her. And the poorhouse was a very, very basic, bleak place. And I am concerned that if we have cuts to Social Security, we might wind up back in poorhouses. Fortunately, my grandmother was able to live in her modest home until she passed away at the age of 102.

For decades, economists described the U.S. retirement system as a three-legged stool with a pension, Social Security and personal savings all supporting retirement. The pension leg of the stool has been gradually disappearing from the American workplaces, eroding retirement security for most Americans and making Social Security even more important.

In addition, Americans pay the highest price for prescription drugs, putting extreme pressure on seniors' finances and making the need to increase Social Security benefits urgent. A recent KFF poll found that 23 percent of seniors find it difficult to afford their prescriptions and 29 percent of all adults did not take their drugs as prescribed because of costs.

To ensure all Americans have the dignified retirement they have earned through their lifetime of service, the Alliance for Retired Americans urges Congress to expand Social Security, increase earned benefits for current and future beneficiaries and expand the CPI-E. We must also help widows and widowers. We urge Congress to ensure that surviving spouses receive 75 percent of the total household's Social Security benefits they received prior to their spouse's death.

This change is particularly important to women. The poverty rate for women over 65 is almost twice that of men over 65. And more than half of elderly women in poverty are

widows.

To fund benefit increases and extend the solvency of the trust fund, the alliance supports lifting the payroll cap and requiring millionaires and billionaires to pay their fair share into the trust fund.

I see my time is up, but may I just please close with one quick paragraph, Congressman?

*Chairman Larson. You may.

*Ms. Marafino. I would like to close by reminding everyone that Social Security also protects people with disabilities and the surviving children of deceased parents. The president of the Arizona Alliance for Retired Americans' father died when he was a child and credits Social Security with keeping him, his mother and his siblings out of poverty.

On behalf of the Alliance for Retired Americans, thank you.

[\[The statement of Ms. Marafino follows:\]](#)

*Chairman Larson. Thank you, Bette.

Ms. Zapote, you are recognized. You may proceed.

STATEMENT OF ABIGAIL ZAPOTE, EXECUTIVE DIRECTOR, LATINOS FOR
A SECURE RETIREMENT

*Ms. Zapote. Thank you, Chairman Larson and Ranking Member Reed, for inviting me to speak today, as well as the rest of the committee. 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 States, nearly one out of five, and the fastest growing and youngest ethnic group in the United States. By 2060, our community is poised to become 30 percent of the American workforce, making it imperative to have a Social Security insurance program that is robust for future generations. Our strong cultural values of la familia, of caring for your parents, spouses and children, are exemplified by Social Security.

I sit before you today on behalf of all Latinos 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. Secondly, to speak to the importance of four benefit enhancements that would improve Social Security and

exponentially increase quality of life for beneficiaries.

In 2018, the average annual benefit for seniors was roughly 17,000. These benefits are far from generous. Yet, for Latinos, these benefits are lower and even more critical to their livelihood. The average benefit for Latino men was roughly 15,000 and only 12,000 for Latina women. Without Social Security, the elderly poverty Latino rate would increase from roughly one out of six to one out of two.

To put this into better context, I want to share a story from a Latina senior in California who faces issues that benefit enhancements could remedy. Mrs. Gonzalez knows it could be worse. She has diabetes but uses Medicare to help cover her health cost. She struggles to make ends meet but takes care of her nutrition needs through the use of supplemental security income. But for some of her friends and other Latino seniors, daily life is even more difficult.

I have friends gone homeless. Their living expenses just got too high and have not found family members they can move in with. I am trying to find help for them but it is not easy.

This is the reality that many Latino seniors face every day, relying on Social Security and community programs as lifelines to seeing a doctor, in finding housing and affording food. We can begin to resolve these issues by increasing funding to SSA's operating budget to better serve

America's growing Social Security beneficiary population.

Due to the increase in health care, housing and living expenses for seniors, adopting a consumer price index for the elderly is a top priority. This would ensure that the CPI-E reflects expenditures of the elderly and produce a higher COLA that truly keeps pace with inflation.

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 year round. 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 and ensure benefit adequacy for all Americans, a special minimum benefit should be enacted to pay 25 percent above the poverty line for those who have worked 30 years and retire at the normal retirement age. Chairman Larson, I want to thank you for including both of these benefit enhancements in the Social Security 2100 Bill.

We also urge a proposal that would provide benefits for students of deceased or disabled parents up to the age of 22. Latinos are more likely than the rest of the population to have a deceased or disabled parent due to employment in physically demanding jobs. College costs have skyrocketed and higher education has become even more essential to long-term labor market success. This change would help address

college affordability for a disproportionately low-income group.

Strong family values in the Latino community means workers also become primary caretakers for elderly relatives and children. We urge a proposal that would provide caregivers a Social Security earnings credit when they take unpaid time off from their work to provide care. The credit would be added to earnings to calculate future Social Security benefits for the caregiver's retirement.

Lastly, 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 \$7.25. We propose a gradual increase to the tax cap to again cover a larger percent of earnings and provide peace of mind to workers of all ages that they, too, can count on this program.

Social Security is clearly a bedrock to 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.

Thank you for having me here. And I will be happy to answer any questions you may have.

[The statement of Ms. Zapote follows:]

*Chairman Larson. Thank you, Ms. Zapote.

And now Mr. Biggs, you are recognized. Please proceed.

STATEMENT OF ANDREW BIGGS, RESIDENT SCHOLAR, AMERICAN
ENTERPRISE INSTITUTE

*Mr. Biggs. Thank you, Chairman Larson, Ranking Member Reed, and members of the committee.

The title of my testimony today is the Need for Evidence-Based Policy on Social Security. Evidence-based policy means that we reform Social Security based upon the facts, not upon our fears. While those facts may call for increasing benefits for certain vulnerable populations, the data clearly do not indicate the need for broad-based, across-the-board benefit increases.

According to Gallup, 80 percent of current retirees say they have enough money not just to get by but to, quote, live comfortably. While a majority of Americans told a Vanguard survey, they fear the country as a whole faces a retirement crisis, only 4 percent of current retirees described their own financial situation in those terms.

In a 2019 multi-country survey by ING, only 9 percent of U.S. retirees described their incomes as severely inadequate, versus 33 percent in France and Germany, who spend roughly twice as much as the U.S. on their Social Security programs. Today, the median U.S. retiree has a disposable income on par with Switzerland and higher than in Sweden, Denmark or the Netherlands. How can this be?

The answer is that Americans save much more for retirement than people in other countries. Of 70 countries for which the OECD gathered data, only five had higher levels of retirement plan assets than the United States. Moreover, U.S. retirement savings today are more than six times higher than when traditional defined benefit pensions were at their peak. More Americans participate in 401(k)s than ever had a traditional pension. And with 401(k)s, both employers and employees contribute, boosting savings versus traditional pensions where only employers contributed.

The result is that U.S. retirement incomes are growing rapidly. From 1990 to 2012, the median retiree household's income grew by 32 percent above inflation, versus only 11 percent income growth for near retirees aged 50 to 59. The faster growth in incomes is evident for both low and high-income retirees.

Mr. Chairman, you mentioned the recent Federal Reserve study and the decline in household wealth since the great recession, which is mostly attributable to the popping of the housing bubble. In essence, the disappearance of wealth that never really existed. But those same Fed data show the incomes for median new retirees rose by 11 percent since the recession, while incomes for working-age households fell. Recent Census Bureau research show that typical retirees today have income equal to roughly 95 percent of their pre-

retirement earnings, far above the 70 to 75 percent replacement rate that financial planners recommend.

The poverty rate among retirees has fallen dramatically in the past two decades and is below that for working-age households. This is good news for Social Security and we should embrace it rather than denying it.

While Social Security is significantly underfunded, there isn't a need to raise benefits for middle and upper-income households. Indeed, research concludes that middle and upper-income households would reduce their personal savings in response to higher expected Social Security benefits. You can see this around the world, where countries with more generous Social Security programs had lower levels of retirement savings. Lower saving would reduce long-term economic growth, as would the higher taxes needed to fund an across-the-board benefit increase. Economists differ on how much economic growth would decline, but there is no real debate on the direction of the change. Higher taxes and lower saving means slower economic growth.

But we can fill the gaps in Social Security's safety net, which is not nearly as effective as it could be. I have personally argued for a true blanket guarantee against poverty in old age, something neither current law Social Security nor any of the current proposed benefit expansions would provide. But absent such a guarantee, we can target

benefit increases to vulnerable groups, such as widows, low-wage earners and divorced individuals. Such targeted benefit increases have been included in reform proposals for members of both parties and could form the basis of bipartisan compromise. And bipartisan compromise is what the nation needs.

Social Security reforms have never been passed on a partisan basis and attempts to do so today will almost surely fail. And failure is not a loss for a political party so much as a loss for the American people, who have seen Social Security's unfunded liabilities grow by the trillions while Congress has failed to act.

This is the committee with the greatest responsibility for Social Security's future. Members have an obligation to know the program and to know the data on Americans' retirement savings and retirement incomes. But more importantly, they have an obligation to reach out to other members in a spirit of compromise to find ways to secure and to improve Social Security for future generations.

Mr. Chairman, your suggestion of off-the-record discussions, question-and-answer periods where people can reach out to each other is precisely what is needed to move a bipartisan Social Security reform bill forward. Thank you very much.

[The statement of Mr. Biggs follows:]

*Chairman Larson. Thank you, Mr. Biggs.

And we are now fortunate to be joined by Joan Entmacher.

And you are now recognized and please proceed.

STATEMENT OF JOAN ENTMACHER, SENIOR FELLOW, NATIONAL ACADEMY
OF SOCIAL INSURANCE

*Ms. Entmacher. Thank you. Chairman Larson, Ranking Member Reed, and members of the subcommittee, I really appreciate the opportunity to testify today on ways to enhance Social Security benefits. I am a member of the National Academy of Social Insurance and a senior fellow. But the views I express today are my own. Although my testimony focuses on women, all of the options I describe would be available on a gender-neutral basis and would benefit others, including communities of color who have been disadvantaged in the workplace and in other ways.

Social Security's basic benefit structure has many features that are especially important to women but its benefits are modest. The average benefit for women 65 and older is less than \$14,000 a year, about 80 percent of men's. Even so, women are more reliant than men on income from Social Security, making improvements especially important for them.

I will briefly describe ways that Social Security could address four challenges to women's retirement security. Other witnesses have described them and my testimony does focus on retirement benefits.

First, the gender wage gap. Benefits for women and

others with low earnings could be improved by adjusting the regular benefit formula so that all workers, especially low and middle-income workers, receive a boost in their benefits. And/or reforming the special minimum benefit so that workers with substantial work histories but low earnings do not retire into poverty.

However, women with very short work histories might not be brought out of poverty even by a reformed special minimum benefit, although they would be helped. So Congress should also consider improving the Supplemental Security Income program.

The second challenge is unpaid caregiving as others have mentioned. Social Security could provide credit for caregiving work by counting some years of caregiving as years of coverage in a reformed special minimum benefit. It could also give earning credits for caregiving years in the regular benefit formula.

The third challenge are changed family structures. Today, most married women are in the paid labor force and families rely much more on the earnings of both spouses. Also, an increasing share of women, especially black women, will be ineligible for benefits as a spouse or surviving spouse because they never married or divorced without a marriage that lasted 10 years. So a package of reforms should include reforms to benefits that women earn both as

workers and as spouses and surviving spouses.

Currently, a surviving spouse can receive a benefit worth up to 100 percent of the deceased spouse's benefit or her own benefit, whichever is higher. This helps many widows but many are still in poverty and the design does not work well for today's dual-earner couples. A new alternative benefit would provide a surviving spouse a benefit equal to 75 percent of the sum of the spouses' combined worker benefits up to a certain limit. That would increase benefits for the surviving spouse in low and moderate-income couples and allow a surviving spouse to benefit from the contributions that both have made to Social Security.

And the fourth challenge is longer life expectancy. Women, including women of color, face more years in retirement than men with fewer resources. Very few people know that both African American women and Latinas have longer life expectancies than white, non-Hispanic men. Their retirement security could be improved by adopting a cost of living adjustment like the CPI-E that accurately reflects the spending patterns of seniors and/or by providing a boost to benefits for long-term beneficiaries with lower benefits.

In conclusion, although women today are working more and earning more than women in past generations, substantial equalities still remain. And the more troubling fact is that we are not making great progress in reducing those

inequalities. The gender wage gap has remained stagnant for the last 10 years. The participation of mothers in the workforce peaked several years ago. And that is because women still face incredible challenges combining work and family, the lack of family leave, the lack of schedules that work and the lack of affordable, good-quality child care. Women need enhanced Social Security benefits.

And fortunately, as the bill introduced by Chairman Larson has proved, it is possible both to enhance benefits and to make Social Security secure for future generations. And I really look forward to the work of this committee on both of those important issues. Thank you.

[\[The statement of Ms. Entmacher follows:\]](#)

*Chairman Larson. Thank you very much, Ms. Entmacher.

And now we recognize Ms. Donna Butts. Please proceed
and comment.

STATEMENT OF DONNA BUTTS, EXECUTIVE DIRECTOR, GENERATIONS
UNITED

*Ms. Butts. Thank you, Chairman Larson, Ranking Member Reed, and members of the subcommittee for the opportunity to testify about one of the most important intergenerational family support and social insurance programs in America, Social Security. For more than 80 years, Social Security has been the premier example of a policy designed to secure and insure the wellbeing of individuals and their families.

In addition to its well-known role in providing retirement security, the program provides many essential protections for people of all ages, including disability insurance and survivor's insurance. For many, it makes the difference between putting food on the table and deciding whether grandma or junior eats tonight.

The impact of Social Security programs can be seen in every community in the country. Accepting his Oscar recently, director Spike Lee thanked his grandmother, a Spelman graduate and daughter of a slave, who saved 50 years of Social Security checks and used those to put her Spikey-Pooh through college.

Another Social Security success is Congressman and former Speaker of the House Paul Ryan, who saved his Social Security survivor benefits that he began to get after his

father died suddenly. Mr. Ryan used his Social Security savings to help pay for his own higher education.

And, as with Mr. Reed, Social Security has a personal connection to my family as well. My husband's father died when he was seven years old. And while he does not remember which Social Security check paid his family's household bills, he does remember taking advantage of the student benefit before it was eliminated in 1981, allowing him and his sister to be the first in their family to earn college degrees. That extra little bit made it possible for him to graduate and begin his career with a degree, without incurring the overwhelming student debt so many students and their families are harnessed with today. Imagine the impact reinstating the student benefit could have, helping students access trade schools and four-year colleges and universities today.

Social Security is a social insurance program that almost all workers pay into and, in return, qualify for and receive benefits. Social Security, whose framework was never meant to be set in stone, has been and should continue to be tweaked and strengthened, not dismantled or weakened. Social Security embodies an intergenerational compact. It lifts more children out of poverty than any other federal program. A 2016 study by the Center for Global Policy Solutions found the child poverty rate would increase by nearly 20 percentage

points without Social Security benefits, both direct and indirect, from 25.5 percent currently to almost 43 percent.

Recently, Social Security has become even more important in light of the increase in the number of grandparents and relatives that are being called on to raise grandchildren, nieces and nephews because of the opioid epidemic. Twenty-six percent of grandparents who are raising grandchildren have a disability and even with Social Security, 19 percent live below the poverty line. Researchers from Penn State estimated that without Social Security, it would be closer to 59 percent. Grandparents and other relatives who step up and form a protective grandfamily around our country's children save our country more than \$4 billion a year by keeping children out of the child welfare system. They deserve our respect and the critical financial support Social Security provides.

On behalf of Generations United, I make the following recommendations for strengthening Social Security and the support it provides our country's families, children and older adults. Reinststate the student benefit for survivors up to age 22 for youth who remain enrolled in college, to help today's students become the educated workforce our country's economy needs and lessen the overwhelming burden of student debt. Two, expand the eligibility for children being raised by grandparents and other relatives. Three, provide Social

Security credits to caregivers. Four, protect and strengthen the program.

Generations United supports a strong and solvent Social Security program that meets its obligations for current and future beneficiaries. As the dialogue about how to achieve long-term solvency for Social Security continues, policymakers must consider how reforms will affect vulnerable children, people with disabilities, spouses of deceased workers, retirees, and families as a whole. This is a time to protect, strengthen and expand this critically important family protection program.

Robert Ball said Social Security is built on awareness that no one can go it alone. True generational equity means acting on that awareness so that those who come after us and who stand on our shoulders can see a little further and do a little better in their turn.

Now it is our turn. There is no better example of a policy solution that supports intergenerational solidarity than Social Security. It is designed to value and weave generations, reinforcing our interdependence so that each is stronger while helping our families and communities thrive.

Thank you again for the opportunity to speak on behalf of the vital income protections Social Security ensures for all generations.

[The statement of Ms. Butts follows:]

*Chairman Larson. Thank you, Ms. Butts. In fact, I thank all the panelists for your testimony and for your patience and perseverance. Intergeneration solidarity, I like that. It's a unique term.

So now our questioning will begin of our panelists. And I'd like to start with Bette Marafino from my home state of Connecticut. And, Ms. Marafino, you talk to seniors all over the state of Connecticut. Do you think that the current benefits that they receive are sufficient and is getting the job done for them?

*Ms. Marafino. No.

*Chairman Larson. Could you expand on that?

*Ms. Marafino. Yeah, in a word.

*Chairman Larson. I do not think it was clear enough. Could you expand?

*Ms. Marafino. Yeah, I can. Last year, we did a health care study and we went and interviewed seniors and talked about their health care. Now, many of the seniors were living in low-income housing. And, to a person, they would say, I am scared to death that I am going to lose this. And what I have now is, you know, below the poverty line. And so they have a hard time.

And what I notice, we very often go to community centers and senior centers where there is a meeting for seniors and there is free lunch. Those lunches are filled with people

and they usually come an hour ahead of time to make sure they have a seat. And many tell us, this is our only meal of the day, decent meal of the day.

And I live in Connecticut in an area that is a pretty prosperous area. But there are lots of people who need this. And so to enhance their Social Security would be a boon to them.

*Chairman Larson. Thank you. I wanted to submit for the record also, and I appreciated what Mr. Biggs had to say about evidence-based information. And I think that is vitally important to the decisions we have to make, especially I wanted to submit these Fed notes on the wealthless recovery, asset ownership and the uneven recovery from the great recession, and the disappearing employer pensions contributing to rising wealth inequality, both submitted by the fed.

[\[The information follows:\]](#)

*Chairman Larson. And with that, I wanted to ask Mr. Richtman, in your vast experience as the head of the Committee to Preserve and Protect Social Security and Medicare, there is a sense, and I have nothing but respect for Mr. Biggs, but there is a sense that it is quite a rosy picture out there for seniors, they are doing quite well.

I have to say, doing as many public forums as I have across the country, that has not been my experience. But I like to call on the experts. And would you agree with that position?

*Mr. Richtman. I respect Mr. Biggs. I have heard him testify. But it would be good if he would go out to some town hall meetings and talk to some people and hear what people are actually saying. And he is right, facts are important. He does not have the only facts in his testimony.

It is my understanding that the Pew Research Center, highly respected, has said that today's real average wage has lower purchasing power, lower purchasing power, than it did 40 years ago. The Kaiser Family Foundation found that over the next few decades, middle class wages are projected to be flat. Those are facts. They are as reputable as any I have seen.

And the other thing I wanted to comment on Mr. Bigg's testimony, all of those people who thought that they were doing so well and had a comfortable life, I wonder how they

would react if the law or the bill that Congressman Johnson introduced last year were passed and their Social Security benefits were cut by one third? Would they still be so optimistic? I do not think so.

*Chairman Larson. And that is the other important thing that we have acknowledged right along, is that to do nothing, to do nothing, means that in 2034 that individuals will receive, with Congress doing nothing as it has since 1983, that individuals will receive a 21 percent, minimally, cut to their benefits. How would your constituents act to that, Ms. Zapote?

*Ms. Zapote. I think when it comes to the Latino community, there is a vast disparity on how much we have saved in private accounts for Social Security. Right now, Latinos have \$10,000 saved while our white counterparts have about 60,000 saved into retirement accounts. Which means that having a robust Social Security system, it needs to be there for our community. Especially knowing that Latinos right now, the median age is 28, my age. And so it is almost that much more important for younger Latinos as well to have this program. Because to quote a Generation Progress study, which is the millennial arm of the Center for American Progress, millennials right now spend more money on monthly student loan repayment than they do groceries. To put that into, you know, to really put that into context for everybody

here, our generation does not have that expendable income or there are a lot of barriers to access retirement accounts. And so that is why that is more important to make sure that we have Social Security in the future.

*Chairman Larson. Thank you so much. And let me recognize the Republican Leader, Tom Reed.

*Mr. Reed. Well, thank you, Mr. Chairman, and thank you to the witnesses today and I truly appreciate your testimony and your recommendations. And one area that I think I want to focus just a little bit on are to get to focused reforms for benefit opportunities to improve.

And Mr. Biggs, you talked about it in your testimony. And obviously, being raised by a single mom, passed when my dad was 48 and she passed when she was 72, what are we looking at in regards to widows in your testimony, as to how? What are you recommending that benefit adjustment be?

*Mr. Biggs. Well, the survivors and disability benefits provided by Social Security are a true insurance function. They pay benefits to the people who need them the most at the time they need them the most. And that is something which is real value added from Social Security.

Widows can face a significant cut in their household benefits when they become a widow, when their spouse, and it is usually the husband, passes away. Depending upon sort of the relative earnings between the spouses, their total

household benefit could be cut from one third to one half. Now, your cost of living falls a little bit when you become widowed, you are not feeding two people. But your cost of living does not fall by one third to one half. So that is pushing down their standard of living, at a time when they do not have the option of going back into the workforce, they might have spent down some of their savings because they are older.

So various proposals looked at how do you protect widows. One that has been around for quite some time is to pay them 75 percent of the household's previous total benefit. I know Ms. Entmacher has other ideas which are a little bit more nuanced on that. But again, the focus is get Social Security's money paid to the people who need it at the time they need it, of targeting these dollars more effectively. That way, we get more of a social insurance protection without having to throw money at everyone.

*Mr. Reed. I appreciate that. And the mission of that benefit, what is the goal of that benefit?

*Mr. Biggs. Of the widows' benefit? Well, it is essentially to replace lost income when the higher-earning spouse passes away.

*Mr. Reed. Keep the family out of poverty.

*Mr. Biggs. Sure. It is not explicitly poverty, but that is the idea. To keep them from falling into indigence,

I guess, would be the word.

*Mr. Reed. And I totally agree with that. And I think the heart of that promise of Social Security needs to be respected as we go through this conversation and as we go through this conversation and through the successful reform process, I know our chairman is going to lead to the finish line.

And as we have this honest conversation, I do want to focus a little bit. Because I see in all of the testimony only one area, and it is Ms. Entmacher that talks about the length of life and the issue of longevity and how people are living longer. You are the only one who touched on that issue in your testimony, between all the testimony I read here today.

And so you have heard numerous times on our side of the aisle or different folks that attack this issue, and some Democratic members, to their credit, have looked at the honest issue of longevity. People are living longer, generally, overall.

So I am intrigued by your assumption in your testimony, Ms. Entmacher, and also in Chairman Larson's bill. There seems to be -- because there is no adjustment in the age of retirement, the retirement age qualification. It is at 67, stays at 67. So the question for me is, what is the magic of 67 and why are you not advocating for a lower retirement age

if you are trying to expand retirement benefits?

*Ms. Entmacher. Well, in effect, the proposals that are made in the Social Security 2100 Bill do provide some compensation for the benefit cut that is occurring because of that increase in the retirement age. That increase in the retirement age is a cut in benefits across the board that affects everybody.

*Mr. Reed. So the 67?

*Ms. Entmacher. The 67, yeah.

*Mr. Reed. So the 1983 reform?

*Ms. Entmacher. Cut benefits.

*Mr. Reed. You are trying to compensate for that cut of benefits that occurred in 1983?

*Ms. Entmacher. That is part of it, absolutely.

*Mr. Reed. So what is the magic of 67?

*Ms. Entmacher. In 1983, I think people looked at the numbers and tried to come up with some changes that would, you know, bring Social Security back into balance. And part of the way they did it were these benefit cuts. There was a delay in the COLA and there was also an increase in the retirement age.

*Mr. Reed. Just so I get your testimony correct and you have spent a lot of time here. So 67 is an arbitrary number? It is not based on any type of analysis as to longevity at retirement age? We shouldn't be looking at it from an

evidence or a background in data? We should just pick an arbitrary date or an arbitrary age?

*Ms. Entmacher. Well, I think actually you do need to look at data. And part of the data shows that the increase in longevity has mostly happened for people of higher socioeconomic status, particularly among men. It is interesting that, among women, even if they are lower income, they seem to live an extra long time. Which is why women of color face this problem of outliving their retirement income.

*Mr. Reed. I understand the argument, I understand the position. I am just wondering if there is any evidence or data for the retirement age of 67. And that is why I am getting confused. If people are living longer and people qualify --

*Ms. Entmacher. Some people are living longer.

*Mr. Reed. Some people living longer, and we can have that debate back and forth. But some people. So even some people living longer. The retirement age debate itself, I think, is something we really need to have a conversation about, an honest conversation about. What are we trying to insure for that retirement period? If you have a retirement period, when does that period begin and when is it likely to end?

And I guess that is the question I am intrigued by as we go through this testimony and as we go forward, Mr. Chairman,

as to exactly getting this correct in regards to what is the best age for these benefits to kick in and the amount of risk we are trying to cover with the Social Security retirement insurance benefit.

*Chairman Larson. We look forward to your plan to do that. Because we have put forward a plan. Mr. Johnson put forward a plan, as was recognized. So we like to -- and I think that is a fair question. So let's turn the spotlight up on this and let's see what it actually is.

*Mr. Reed. Right.

*Chairman Larson. And let's see why people came to the conclusion that it was 62 and what that means. And what that means to struggling families all across this country. I think you are right in requesting that and that is what these hearings are all about. We want to cast as bright a light as we possibly can on what the current plight of American citizens is under the existing Social Security and how we remedy that.

Mr. Pascrell is recognized.

*Mr. Pascrell. Thank you, Mr. Chairman. I would like to look at that data as well on longevity. I was not here and you were not here in 1983, in the Congress, that is.

*Mr. Reed. He might have been.

*Mr. Pascrell. But at that time, I do remember reading about how they got to the -- how they raised it two years and

what the data was. And as the longevity charts, which would be different today than it would be then, I am certainly not convinced that raising the age is the area that we need to focus on. Because we do live in a different culture, somewhat, in terms of how long people worked at that time and how much they needed to save at that particular time. And that is the thing that I am looking at.

Because even Mr. Biggs would have to agree that, in lower income groups, we are making a few more dollars. And just looking at the economy as a whole, they spend it, they spend it. And I think that is very, very, very critical to what we are talking about as far as the total economy is concerned, besides zeroing in with this.

Mr. Richtman, thank you for your work over the years and the pain-in-the-neck questions you got from us. You did very well.

I want to ask your opinion before I get into a few comments I have to make. Can you describe how the windfall elimination provision negatively impacts our first responders, that is police and fire, and do you support repealing the windfall elimination provision within the Social Security?

*Mr. Richtman. We have supported repealing the WEP, as it's called, the windfall elimination provision.

*Mr. Pascrell. Can you just give us a brief, brief,

what is it and what does it do?

*Mr. Richtman. The windfall elimination provision, it is commonly called the WEP --

*Mr. Pascrell. Right.

*Mr. Richtman. -- reduces Social Security benefits for public service workers, that is often firefighters, as you pointed out --

*Mr. Pascrell. Right.

*Mr. Richtman. -- teachers, nurses, and others, who have a work history that is partially covered by Social Security and partially not covered. When they, and this is really the heart of why we support eliminating that penalty, contribute all their quarters to Social Security, they are penalized because they have this other benefit. And that is wrong.

I probably have testified 10 times before this committee and this subcommittee on this issue since the early 1990s and I think that almost every member of Congress hears about it at town hall meetings and talks about the need to repeal that penalty and it has not happened.

If I could just make one other comment on the whole discussion about the fact that people are living longer, that is an important fact-based thing to consider. But are they working longer? Are they able to work longer? Are there jobs for them? That is a piece of the puzzle that I think

has to be taken into account.

*Mr. Pascrell. Thank you. A very important point.

*Chairman Larson. Will the gentleman yield for just a second? I just wanted to, because I did this yesterday as well, to say that we are intending, and both Mr. Neal and Mr. Brady have collaborated in the past on a bill and that we will be having a committee hearing on that very issue and I just wanted for the record to make that comment.

*Mr. Pascrell. So for older Americans, Mr. Chairman, just over four in five Social Security beneficiaries are 62 or over, older. The program provides 90 percent or more of the income for almost one in three seniors. Those benefits may be modest but they are vital to those who rely on them. We cannot be shy about working together to strengthen the program.

The Social Security Trust Fund is only fully funded until 2034. So revenue increases are needed to shore up the fund for the future. And let's be clear, real wages have about the same purchasing power it did 40 years ago. Think about that. They are stagnant. Last Congress's tax scam did not help. And hoping for wage growth is not the answer to the problem. Thankfully, many of today's panelists understand that, discuss specific proposals to protect the fund's future.

I support the chairman's Social Security 2100 Act

because it protects the promise we made to workers in a way that ensures no benefit cuts need to be made for at least the next 75 years. Not bad. Also it expands benefits for current and future beneficiaries. No idea should be off the table but we must be honest about its potential impact to beneficiaries and we cannot retreat on the promises that we have made.

And I yield back. Thank you, Mr. Chairman.

*Chairman Larson. Right on time, Mr. Pascrell.

*Mr. Pascrell. That is unusual.

*Chairman Larson. Mr. Estes is recognized.

*Mr. Estes. Thank you, Mr. Chairman. Thank you to all the panelists for being here today and talking with us about this very important issue.

You know, following the effort over the last couple of years that the Ways and Means Committee and Congress has made to help get our economy going, to help get people more jobs, help increase wages, now we have got to turn to how do we protect retirement for those folks that are working. And that includes making sure that we have protected and preserved Social Security for current as well as future retirees.

You know, with Social Security, our population changes from the Baby Boomers. And, you know, as we have different shifts in population over time, we cannot overlook the

impact, the financial impact, on this very vital program.

As mentioned earlier, if we do nothing, Social Security retirement fund is going to be out of funds by 2034, which will result in roughly a 21 percent cut in benefits and that is not something we want to see happen. So we need to act now to address this.

You know, yesterday I mentioned in a hearing, and I will mention it again because I think it is important, that Republicans and Democrats both agree there is an issue and we need to work together to resolve this. However, we want to make sure that the solution does not involve some devastating tax increases that result in slowing the economy back down, which actually then puts a negative spin on the support for Social Security. Instead, we want to make sure that those changes help reward work and reward some of that growth in the economy, as well as the increase in benefits that tie along with those higher wages during your career.

You know, I am the only former state treasurer serving in Congress and I know firsthand some of these retirement issues. Just because we had a problem in Kansas with our public employee retirement system. And that is one of the issues we had to address, is how do we make sure that the benefits were there for folks as they retired? And it took some leadership and some hard action and luckily the Legislature and the Governor at that time focused on that.

And we need to do the same thing in Congress at the federal level for everybody in the nation.

You know, there is a lot, we talked a lot about retirement today. Yesterday I mentioned the story of my aunt and uncle. My uncle passed away and my aunt had to raise my three cousins and Social Security was one of those benefits that helped through that. So it is more than just a retirement system. It was beneficial for my sister-in-law, who had a series of strokes before she turned 65. And again, that insurance portion helped with that. And so we want to make sure that Social Security is there to protect and provide that support for folks.

Mr. Biggs, we have talked a lot about, you know, how we need to act now to address some of these issues with Social Security. You know, folks say that the longer we wait, the harder it is going to be. Can you talk a little bit about why that is important and what is critical about that?

*Mr. Biggs. Sure. And the reason acting now makes solving the problem easier is it spreads the problem over a larger number of people, over more generations, so that they absorb a smaller change each, and it gives people more time to respond.

If you think about the increase in the normal retirement age, it was legislated in 1983. It started increasing in 2000. It will not reach 67, I think, until 2022. That gives

people a lot of time to adjust. As a result, people on average are retiring about two years later. They are leaving the workforce about two years later today than they did back in 1990. They are responding to it. But if we wait to the end and we have to do it all at once, you do not have any chance to respond. Somebody has already retired, you know, it is hard for them to go back to work. You cannot increase your savings.

The sooner we act -- we should have acted 20 years ago, 30 years ago when we were first being warned about this. And the reason we do not is politics. People need to act so that everybody else has time to respond. If you do it, the problem works out. If you leave it to the end, it is very, very hard.

*Mr. Estes. Thank you. I think there are lots of solutions that we talk about that Republicans and Democrats bring together in terms of different ideas of how to solve them. But I would agree that that issue is what we need to focus on. Let's get to work on it now, let's focus on it, making it as easy as possible to make that transition. And that the sooner we act, the better it is going to be in terms of making sure that people that have worked all their lives to accrue this benefit and earn this benefit, that they get that benefit that they have earned.

So thank you for your time and, Mr. Chairman, I yield

back.

*Chairman Larson. Thank you, Mr. Estes. Ms. Sanchez.

*Ms. Sanchez. Thank you, Chairman Larson, for holding this important hearing and I want to thank all of our witnesses for your testimony and how we can protect and expand Social Security. Frequently, when I am back home and I speak to groups of seniors, I talk about how Social Security is really the bedrock of the American retirement system, that ensures after a lifetime of hard work and paying into a system, seniors can retire with some degree of financial security and some dignity.

But sadly, more than ever, we see millions of retirees who depend mostly or entirely on their Social Security benefits. And although those benefits are great and they lift millions of Americans out of poverty, they are very modest and they have not kept pace with the cost of everything that continues to go up. So as daily necessities such as housing, prescription drugs, you know, on and on, become more expensive, seniors are having to make tougher and tougher choices between, gee, you know, do I put food on the table or do I pay for my much-needed medication. And we hear horror stories of people taking half doses, et cetera, because they just cannot stretch their retirement income to cover it all.

Social Security, as a woman, is particularly important

to women, who tend to make less than their male counterparts over their lifetime of work, and they also tend to outlive their spouses. And as a Latina, and I am sure probably Ms. Zapote would agree with me, because not only are we paid less than our male counterparts and we live longer, but I think I read a statistic, I think it is like 70 percent of Latina women work for employers who do not even provide any kind of retirement plan for them. So even if they chose to participate in something, they are working for employers that do not even offer that to them. So how are they expected then to really save the adequate amount for their retirement?

I want to start with Ms. Entmacher. In your testimony, you noted that a one-person elderly household needs about 79 percent of the income of a two-person household to maintain the same standard of living. Can you talk about the financial impact that losing a spouse has on the surviving spouse and how widows -- widowers and widows fare in retirement?

*Ms. Entmacher. Yes, well, first of all, let me point out that, as Mr. Biggs said, and I agree with this, the household Social Security income declines sharply at widowhood from between 50 percent for a couple that had equal earnings, to about a third for couples where there was just one earner. And that is a loss.

Another important factor is that not only does -- I

mean, some women, as we have heard from members of this panel, are widowed early. But in general, that occurs later in life. Assets have already been spent down. And particularly, if there has been a period of illness for the spouse who dies, expenses go up. And there are medical expenses, caregiving expenses, so that often exhausts whatever savings the family may have had.

And then a widow faces years alone. And again, that can increase living costs because you do not have a spouse who can help care for you when you fall ill or need help being driven somewhere. You are on your own. And so both immediately upon widowhood, there is an economic shock, and in the years that follow. And many widows continue to live for a substantial period of time, relying on these benefits.

And in my testimony, there is a chart that shows that both widowed men and widowed women have much higher rates of poverty than married couples do. For widowed men, it is a little less than twice as high as the poverty rate for married men. For widowed women, it is about three times the poverty rate. So this is a real issue for both men and women.

And I am pleased to see that the reform that both Mr. Biggs and I have suggested would improve benefits for spouses and working couples for both men and women if they survive.

*Ms. Sanchez. Yeah, I have a bill that is called the

Protecting Our Widow and Widowers in Retirement Act, the POWWR Act, which would create an alternative benefit of 75 percent of the combined benefits that the couple received when they were both alive. Do you think that that would be something that could address this weakened financial situation for widows and widowers?

*Ms. Entmacher. Yes, I do.

*Ms. Sanchez. Okay, great. Thank you so much. I yield back to the chairman.

*Chairman Larson. Thank you, Congresswoman Sanchez. Mr. Arrington is recognized.

*Mr. Arrington. Thank you, Mr. Chairman. And I appreciate your sincere desire to fix this broken system and this insolvent program that has been important to so many for so many years. And I think we can all agree we have to do something and we need to do it now. And, as I have said before, I think you and the Ranking Member have as good a shot as any to lead us to that bipartisan solution.

And I think we have agreed, at least I have heard a lot of agreement, that whatever solution we do come up with for at least this generation of reforms to Social Security must be bipartisan or nothing will get done. I think that that is in general agreement up here. So I am going to put our witnesses to the test here and ask that they work to help us reach that bipartisan solution for the American people.

So it is probably pretty evident to most in the room and those listening from wherever that Mr. Biggs probably leans more Republican, conservative. He has referenced Sam Johnson's reform legislation. So there is a Republican solution on the table. And then I am going to also be a little presumptuous but if I was a betting man, I would bet that the five other witnesses probably lean more Democrat and probably more favorable to Mr. Larson's, Chairman Larson's legislative reform initiative with respect to Social Security. Going out on a limb there, okay, but I am a Texas riverboat gambler, so I am going to do it.

Let's start on this end with Ms. Butts. I don't want to know what you think about the wonderful piece of legislation that Chairman Larson has introduced. I want you to tell me what you think about Sam Johnson's legislation and what in those provisions would be acceptable to you? Because we are going to have to take some of one side and some of another side. So work to help me get to that bipartisan solution. Help us get there today.

And I am going to work my way down the list, all the way to you, Mr. Richtman, so be thinking about it.

*Chairman Larson. Would the gentleman yield for a second?

*Mr. Arrington. Yes, sir.

*Chairman Larson. It would be great if we had that

legislation in front of them so they could see it.

*Mr. Arrington. I should not assume they have read the Republican version of how we are going to fix this problem.

*Chairman Larson. Please proceed. I just wanted to --

*Mr. Arrington. Well, let me say, of the recommendations you have heard from more along this side of the aisle's sort of philosophical view of government's role, et cetera, et cetera, some of the things you have heard from Mr. Biggs, maybe you have read something about Sam Johnson's legislation. What would be acceptable to you with respect to those initiatives that have been proposed?

And, Mr. Biggs, I am going to ask you what would you accept if you were trying to work a deal to save this great program and be a great example to the rest of this country that we can actually work together to solve a problem.

So, Ms. Butts, what would you do? What would you accept?

*Ms. Butts. Well, thank you, Mr. Arrington. I wanted to say first that Generations United, we are very proud of the fact that we work across the aisle and with both parties and all people to bring together a solution. And that to us, one of the most important frames as we are talking about this is that we must have that bipartisan solution.

But the framework that works for all of us is family. Once we get outside of Washington, we do not talk about

whether grandma gets Social Security or a child gets survivors or an educational investment. What we talk about the fact is, it is not a fight but it is a family.

*Mr. Arrington. And I do not mean to interrupt. But give me one provision, because that is beautiful and I agree with you. But I have one minute now and I probably will not get through the rest of them. So can you give me one provision you would accept from the sort of Republican side of the table here? And just think about it. And we will come back to you.

Ms. Entmacher, is there one provision you would accept?

*Ms. Entmacher. Well, I think Mr. Biggs's idea of focusing improvements on the people who need them is an important one.

*Mr. Arrington. I think that is a reasonable --

*Ms. Entmacher. And that that is where the improvements that we make should be targeted. That's a priority.

*Mr. Arrington. Right.

*Ms. Entmacher. But I think that perhaps the difference --

*Mr. Arrington. No, no, no buts. No, I am kidding, I am kidding. No, I appreciate that.

*Ms. Entmacher. No, please, I would like to finish.

*Mr. Arrington. Please do.

*Ms. Entmacher. But middle-income people really cannot

afford benefit cuts. And the problem with relying on benefit cuts, particularly if we protect those at or in retirement as we need to, is that they fall most heavily on younger generations. And those are the millennials who are struggling with stagnant wages and with high student loan burdens. They are the people who entered the labor market when --

*Mr. Arrington. Thank you. Mr. Chairman, my time has now expired. Are you sure you are not a senator, Ms. Entmacher?

*Ms. Entmacher. Quite sure, and relieved that I am not.

*Mr. Arrington. No, listen, I appreciate your comments. I would love to hear the comments from everybody else, including you, Mr. Biggs. But my time has expired. I yield back, Mr. Chairman.

*Chairman Larson. Well, we hope there will be ample opportunity in the future to present side by side these proposals. And I think that will give both witnesses and members an opportunity to thoroughly go back and forth. And I think that is an important breakthrough and sign. Because, you know, there have not been hearings and there have not been specific proposals in front of people. Now there are, and that is testimony to both sides and to the witnesses.

And with that, let me recognize Mr. Higgins.

*Mr. Higgins. Thank you, Mr. Chairman. Thank you for

your leadership on this initiative again and I appreciate the ranking member's willingness to work in a cooperative manner toward the goal of preserving what we all want to preserve.

First of all, you know, you have 62 million people receiving Social Security benefits each year; 41 million of them, it is a majority of their annual income. For 20 million, it is 90 percent or more of their annual income.

Based on the facts, you know, Social Security benefits are spent. So for every dollar that you provide for Social Security benefits, you get \$1.50 in economic output. That is a return on investment of 50 percent, which seems to be a pretty good deal when compared with other government spending.

And also, this is not a giveaway. This is the Federal Insurance Contributions Act. People pay during their working years this retirement account from which they should expect reasonably to be able to take advantage of it.

The question is, what can we do to make it better? What can we do to make it stronger? What can we do to help beneficiaries help in the growth of the economy?

So most Social Security beneficiaries also have Medicare Part D. And they have that withheld from their Social Security, which is about \$135 a month, a little bit more. That is \$1,626 each year. And if you reduce that amount from the average Social Security beneficiary's annual income that

is \$17,532, you are left with \$15,906 after Medicare. In 48 states, poverty level is \$12,140. So you are \$3,700 each year away from poverty, or \$313 a month, or \$78 per week.

Mr. Richtman, you have been at this for a long time. Mr. Larson has a proposal on the table which is designed to increase benefits and increase the stability long term of Social Security. Your thoughts about that and/or other ways that this committee can be looking at, toward the goal of achieving the multiple objectives, all of which are good for the individuals but, in the aggregate, it is good for the country as well, because added benefits adds to the growth of the country. And if these people, these individuals, 62 million people did not have Social Security, what would they do? They would be dependent on local, state and federal governmental programs.

So this was, as originally conceived in 1935, a good investment, visionary, and it is today. And I think all of us are committed to trying to make this stronger moving forward. So, Mr. Richtman.

*Mr. Richtman. Well, the organization I represent, the National Committee to Preserve Social Security and Medicare, has endorsed the chairman's bill. There are many pieces of it that we favor. I have referred to some of them in my written testimony and my oral testimony. But just let me, and I only have a minute here, comment on a couple things

that are really important in light of the fact that there have been stagnant wages for so long and the fact that the cost of living adjustment has been inadequate, mainly because it was poorly designed in the first place. And Chairman Larson's bill would fix that by adding some money to the minimum benefit, I think it is about \$70 a month. May not be a lot to people in this room but to many seniors it is a lot. And Ranking Member Reed, I think, would agree with that.

And the COLA, you know, the COLA is so important. I am sure when you have your town hall meetings, everybody in the fall is waiting to hear what is the COLA going to be. In 2010, 2011 and 2016, the COLA was zero. And seniors do not understand how people in Washington have determined that their cost of living did not go up in all those years. And that, as you know, the amount of the COLA is also important because it is computed like interest in a savings account. If you lose two years or three years, you are going to lose for many years to come.

Now, on a personal note. I worked on the COLA issue for a long time. You are right, Congressman, I have been at this for a while. I was staff director of the Senate Aging Committee. And in 1987 and 1988, we tried to push through what the congressman has proposed, CPI-E, a way to measure inflation so that it will reflect what seniors are buying and put the proper weight on that market basket of goods and

services that seniors rely on, like prescriptions, medicine, and less weight on the fact that they are not wage earners.

The reason there was a zero COLA in those years is the price of gasoline plummeted. So much weight was put on that, that it brought down the COLA to zero in three years. And the fact is, seniors are not using gasoline as much, they are not driving to work and back every day, they are not dropping kids off at school and picking them up. So that is just one example of how the formula is flawed.

So in 1987, when I started working on this, we tried to change it. The best we could do is get what is called an experimental CPI-E. The Bureau of Labor Statistics keeps track of this new formula. It has not been implemented. It would cost more money to have it fully analyzed and implemented.

So I started working on this 32 years ago. It still is an experiment. And so I am not sure I have 32 years left to have it be implemented but we will see about that.

*Chairman Larson. Mr. Ferguson is recognized.

*Mr. Ferguson. Thank you, Mr. Chairman, and thank each of you for coming today. You know, as I listened to testimony, it was very compelling. And not just your testimony but probably more importantly the testimony of our constituents back home, the testimony of my parents every weekend when I go home. So I think it is good to have these

discussions and, as I have said many times, I think having good, solid, honest and transparent discussions and allowing the members of this committee to work in a very bipartisan way to float ideas out there, to challenge one another's opinions in a very respectful way is really important.

You know, one of the things that I have heard several times, Mr. Richtman, I think you have alluded to it, is the flat wage growth. And so I could not be more excited about where we are in the economy right now, with the fastest wage growth, particularly with those that are at the lowest quartile, the lowest earners and lowest incomes, and the medium income. That is where we are seeing the most rapid wage growth. So I am excited about that. Because I do think that rising wages is very, very important. I am excited about the fact that we now have more people in the workforce than we have ever had and we have the lowest unemployment across all socioeconomic groups. That is a great thing because it is a part of solving this equation. Not the only part, but it is a part of it.

So another thing that I would like to touch on, a couple of topics very quickly, Mr. Biggs, you know, I want to go back to the conversation about seniors working. One of the things that I have found, and I saw this a lot with my patients in my dental practice, more of them started out with a few people working past retirement age. Then I saw a

number of people continue to work past retirement age, not because they had to but because they wanted to. Can you speak a little bit about the dignity of work past retirement age and the importance of that?

*Mr. Biggs. It is something that has become increasingly important. You know, in some cases, people are forced to work longer.

*Mr. Ferguson. Sure.

*Mr. Biggs. I understand that after the recession, if your 401(k) dropped. But the interesting thing there was, following the recession, labor force participation fell in almost the entire segment of the age groups of the population, worst labor market in decades, except for retirees and near retirees. And they found jobs, they did not just find Walmart greeter jobs, they found decent paying jobs, they rebuilt their savings. And that is a pattern that has been increasing since the mid-1980s. We are retiring a little bit longer. Simply delaying retirement for a year can have a dramatic impact on your retirement income. You get a higher Social Security benefit, you have more savings, fewer years you have to finance.

*Mr. Ferguson. Okay, thank you for that. Another question, you talk about the cost of living. And one of the things, I would just be interested in a very quick thought from you about do you think the COLA should be adjusted for

urban areas versus rural areas?

*Mr. Richtman. You know, I don't have enough background to answer that. I think it should be adjusted from clerical and urban wage earners, which is what it is based on now. I don't know if that is a good measure.

*Mr. Ferguson. Just I look at what the difference is a lot of times between urban America and rural America. And I think before we just go across the board on this, we really ought to look at, you know, what those different areas mean and what living -- what the living standards are there and that kind of thing.

*Mr. Richtman. I agree.

*Mr. Ferguson. I think before we jump onto that, I would just like for us to recognize that there may be a difference.

*Mr. Richtman. I agree with you. The whole purpose of a COLA, at least for Social Security, is so beneficiaries do not fall behind because of inflation. And if the formula is flawed, it is not going to work.

*Mr. Ferguson. Okay, real quickly. This is the lightning round. I am going to take Mr. Arrington's idea here very quickly. What is one thing out of Sam Johnson's plan that you could accept?

*Mr. Richtman. I do not even need much time. The only thing I would say is when you bet on the composition of this

panel, you are probably right. So I, you know, he would reduce the COLA --

*Mr. Ferguson. No, no. What is the one thing that you could accept? Nothing?

*Mr. Richtman. Nothing.

*Ms. Marafino. I do not really know the plan but, from what I am hearing, probably nothing.

*Chairman Larson. I mean, I have to say, it is kind of unfair to these panelists. They do not have the plan. It has never been submitted. And you guys are asking them to answer a plan that has never been submitted?

*Mr. Ferguson. Fair enough. I guess maybe I should ask that question a different way. But again, I want to make sure that we are getting as many ideas --

*Chairman Larson. But I will say this to the gentleman. I am happy to bring Sam's plan out here. Let's lay it side by side and let's go through it. I mean, that is what a hearing process should all be about.

*Mr. Richtman. Congressman, if I -- we did some analysis. I do not have it in front of me but I would be happy to send it to you. And also, I want to thank you for cosponsoring the BOLD Act that deals with Alzheimer's disease and would go a long way to helping an awful lot of people.

*Mr. Ferguson. Okay, good. I yield back. I see my time has expired.

*Chairman Larson. Mr. Schneider is recognized.

*Mr. Schneider. Thank you. And, again, Mr. Chairman, ranking member, thank you for having this hearing. The witnesses, thank you for your time here, making the time and preparation and also staying for all of us to ask our questions.

We have touched on a lot of things. Yesterday, I emphasized that we do need to take the political posturing out, as my colleagues have said, and work together to try to come up with the solutions.

I talked yesterday, others had mentioned, it was mentioned earlier, about why raising the retirement age would be unjust and unfair to people who are working backbreaking work, who are the lowest quintile, lowest 20 percent of the income score, have a life expectancy to 76, to raise their retirement age to 70 is a burden in and of itself but would reduce their expected retirement by fully a third is something that we should not do.

But what I would like to talk to today, and it is something I hear a lot about when I am home, and we have talked about it, is the windfall elimination provision that we touched on earlier. It is an arbitrary and regressive policy that most often hurts the workers serving in our communities. In particular, our teachers, government employees, first responders.

And one particular story is a teacher, a person in my district, Sarah Stevens of Hainesville. She is 76 years old, she teaches English at our local community college, College of Lake County. And she worked many years as the director of communications for the American Concrete and Pavement Association. And she decided to take on a new career at the age of 60, went back, got her masters in written communications, graduated top in her class and then decided to go into teaching as a way to give back to the local community.

What she did not realize at that time was the decision, because of the WEP, would cost her one-third of her hard-earned Social Security income from her previous life in corporate America as a communications director. As she says, I could have become almost anything and kept my benefits but I decided to become a teacher instead and that cost me. Now, at 76, she wants to retire but cannot, for fear of losing that Social Security.

That is only one example. I hear about this all the time almost everywhere I go. So, Mr. Richtman, I will turn to you. Could you discuss the windfall elimination provision and how it affects low-income and public service employees and what options you think would best reform the problem.

*Mr. Richtman. The best option would be to eliminate the penalty entirely. And I mentioned earlier that we have

been lobbying on that for a long time. And it is many public service employees, first responders, firefighters, teachers, nurses in many states that are penalized up to, I think the example I have seen recently is between \$450 and \$500 a month because they have spent part of their work history in Social Security-covered employment and the other part in working for an entity that did not cover Social Security.

So Congressman, I have been to your district with you and I have heard some of those same stories. The thing that really bothers people, even maybe as much as having a reduction, is they do not even know about it --

*Mr. Schneider. Right.

*Mr. Richtman. -- until they are about 60 years old and they get a statement from Social Security. Because now, you know, we do not get all those statements. You get one at 60 and it tells you what your benefit is going to be. And in very tiny print at the bottom, it tells you how you might be impacted by the WEP, by the windfall elimination provision. And they are shocked. Here they are, considering retiring in a couple of years, claiming Social Security, and they find out their benefits are going to be cut by \$400 or \$500. They did not know anything about it. That is wrong.

*Mr. Schneider. And I will put an exclamation point on that. Saturday, I was in a part of my district that is an economically struggling community. The schools have a hard

time keeping teachers because they cannot afford to pay as much. They last year ran the entire year with three open spots.

And then I think back to my kids' experience at their school, my experience going through school, and some of my best teachers. Dr. Mackie, my physics teacher, was someone who had a career in industry and had a passion for science and brought that passion to what we did. And it was in many ways because of Mr. Mackie, Dr. Mackie, that I went on to be an engineer in college. You know, changed the course of my life. We need more stories like that. But by having these penalties on these teachers, we are putting a burden on them.

I want to create opportunities for people to make. We are working longer, we are living longer. Let's make that second career a career that strengthens our communities and I think this would be a way to fix that.

With that, I went over my time. Thank you. I yield back.

*Chairman Larson. I would thank the gentleman, and I would mention again, and you were out of the room when we said this before, and this came up at our last hearing as well, that we do intend, both Ranking Member Brady and Chairman Neal have introduced legislation, in fact introduced legislation in the past that actually did get a hearing. It was never taken up. But it is our intent to have a hearing

on that issue, both WEP and GPO, as well. And to fully discuss and air that and then hopefully take that to a markup.

And with that, we will recognize Mr. Boyle.

*Mr. Boyle. Thank you, Mr. Chairman. This is a great continuation of what we started yesterday. As I mentioned yesterday, I believe that Social Security is the single most successful domestic program of the 20th century and it is our solemn obligation to preserve it and continue it and strengthen it for the 21st century. When we consider the relatively high percentage of seniors who lived in poverty up until the 1930s and now to consider that aged cohort has an 80 percent reduction in poverty from before Social Security existed, that is a remarkable achievement.

I was sharing with my colleague, Mr. Larson, privately, I think, a week ago that, in addition to being a member of congress for the Commonwealth of Pennsylvania, I also have the important job as helping my dad as a retiree with his taxes and some of his finances. And I mentioned that my dad is one of those half of all Social Security beneficiaries for whom Social Security makes up the majority of his retirement income. Paid into Social Security, working over 50 years, mostly in blue-collar and very physically taxing jobs, and now is earning the benefit that he worked for and paid into. It is not merely a, quote, unquote, entitlement; it is an

earned benefit.

So I am so glad that we have a proposal here in front of us to strengthen this, to get us beyond 2034 and, indeed, even to the dawn of the 22nd century. I also appreciate the spirit of what Mr. Arrington, my friend from Texas, mentioned, trying to look at constructive ways that we can work together to try to save this system. I would certainly welcome any other proposal that is sound, that adds up, that could be forwarded. Because any time that you offer an idea to attempt to extend Social Security beyond 2034, it is going to be open to political hits. The easiest thing to do is to do nothing. But, as Chairman Larson pointed out, doing nothing means you are, de facto, in favor of 25 percent or at least 20 percent plus cuts come 2034. And those cuts would continue as we get later on into the century.

So with that, I do want to address to the panel and would open up to anyone who wants to comment on it, because one of the questions that has come up previously is this notion that life expectancy is increasing, which clearly was the case for the bulk of the 20th century. I believe we have just had now a few straight years in which, unfortunately, life expectancy has actually declined in the United States.

So I was wondering if any of you could actually add facts to the preconceived notion as it relates to life expectancy, number one. And number two, if you could

specifically control for income. Because my understanding is, having pored over the statistics, there is a pretty massive difference when we are talking about a wealthier cohort, particularly those in the upper 20 percent of household income, versus everyone else as it relates to life expectancy.

*Ms. Butts. If I could, you are very right that just recently, new information has come out that shows that for the first time the life expectancy rate in this country is declining. And it is specifically because of opioids and substance abuse, the fact that people are becoming addicted and they are dying. It is also because of suicide. And we know that social isolation is huge among older adults as well as young people, because we have segregated people and segregated people by age. And there is also the issue of obesity, that we have not really kept our health up in the ways that we could. So we are in danger if we don't correct some of those things in the life expectancy continuing to decrease.

There has, historically, been an increase. And the issue there is what we do with those years, the quality of life, the opportunities that people have because of age discrimination, because of opportunity, because of expectations that we have in older age. So those are some things that we need to consider.

*Mr. Boyle. Did you want to mention something?

*Mr. Biggs. There was a study, I am thinking 2014, from analysts at the Congressional Budget Office, which found that an individual in the top fifth in terms of income would live around six years past retirement longer than somebody who is the bottom fifth. For myself, this has made me rethink something like raising the retirement age, in the sense of you are essentially blaming low-income people for a problem they did not cause, they are not the ones living longer. At the same time though, it means that some of the proposals to increase benefits, including COLAs, including the general benefit increases you are looking at, would flow more to higher-income people, not because they are getting necessarily bigger dollar increases but because they are going to collect them for longer.

*Mr. Boyle. I see that I am out of time. But I will just briefly conclude and urge this committee on both sides of the aisle to keep this in mind when the conversation of life expectancy comes up, number one. And, number two, to draw the distinction between those of us in white-collar jobs and those who are in blue-collar jobs. Sixty-seven for someone who has had a blue-collar job for 50, 60 years is a lot different, body wise, than someone who has had a white-collar job. Thank you.

*Chairman Larson. The gentleman from South Carolina,

Mr. Rice, is recognized.

*Mr. Rice. Thank you, Mr. Chairman. I just want to start by saying that, you know, Social Security is a promise that the government, our government made to our seniors. And everybody in this room, Republican or Democrat, recognizes that we have got to make that promise solid. But it is underfunded and it is going to cost money to do that. So we have to look at ways that we can accomplish that that will be the least painful among all of the groups involved.

You know, when we are paying for people who are retired by people who are working, we are placing the burden on them. And I am looking at a self-employed individual, could be an artist, could be a truck driver, could be whatever, making \$60,000, which is the median household income, his tax today for Social Security and Medicare is \$9,180 out of his \$60,000. To make Social Security solvent under Mr. Larson's plan, he would add another 2.4 percent, which would add to that \$9,180 of liability another \$1,440.

*Chairman Larson. Will the gentleman yield?

*Mr. Rice. Sure.

*Chairman Larson. Do you mean his liability or do you mean the employer's liability and his liability?

*Mr. Rice. This is for a self-employed. If it was for the employer --

*Chairman Larson. For self-employed? Okay, all right.

Just to be clear about that.

*Mr. Rice. And if it was for somebody who was a wage earner, he would pay half and his employer would pay half.

*Chairman Larson. Because the 1 percent increase is paid by both sides.

*Mr. Rice. Please do not take all my time.

*Chairman Larson. No, go ahead. I will give you a lot of latitude.

*Mr. Rice. Let me be perfectly clear here. You are taking my time?

*Chairman Larson. No, go ahead. No, please, go ahead.

*Mr. Rice. The median household income is \$60,000. A self-employed guy, could be an artist, like my brother, for example, could be a truck driver, could be an Uber driver, could be anybody. Could be a painter, could be a carpenter, could be anybody. If he makes \$60,000 a year, his tax is \$9,180 today. And under Mr. Larson's plan, which adds 2.4 percent, that is another \$1,440.

*Chairman Larson. Over how many years?

*Mr. Rice. You are taking all my time.

*Chairman Larson. I will give you extra time.

*Mr. Rice. I have to --

*Chairman Larson. I just want to make sure that we, you know, if we are going through the facts, we get them correct.

*Mr. Rice. When fully implemented, it will be \$1,440.

*Chairman Larson. When fully implemented. Thank you. Over 24 years.

*Mr. Rice. Okay.

*Chairman Larson. It would be like 50 cents a week right now, that is what the bill says.

*Mr. Rice. \$9,180 plus another \$1,440 is my point. So it is not small change. And this is for a guy who is making the median household income.

And if we look, when I -- when I started working in 1982, the cap on Social Security, the most you had to pay tax on was \$32,400. Today, you add \$100,000 to that, it is about \$132,000. So, you know, there has been a huge growth in this.

I want to ask you, I am sorry, I cannot see your name, ma'am, in the red coat. Yes, ma'am, why was there a cap placed on the wage base when they put Social Security in place? Why did they do that?

*Ms. Entmacher. They put a cap because of the concern that, you know, they did not want benefits to be too high for high-income people and that is why there was a cap. The reason that it went up from 32,000 to about 132,000 today is that, over that period of time, average wages increased. They increased much more for people at the top but --

*Mr. Rice. Thank you, ma'am. And, Mr. Biggs, tell me your read on why there was a cap placed on Social Security

wage base?

*Mr. Biggs. The original what was called the Committee on Economic Security, which was put together by President Roosevelt, they proposed that people with earnings above the cap would not even participate in Social Security, that there would be no redistribution that way. The compromise in congress was to have the capped payroll tax. And what he was trying to do was -- Roosevelt's quote was he wanted to differentiate Social Security from what they then called relief but what we would today call welfare.

*Mr. Rice. And really, you know, the way this has been pursued throughout the years was that you give us your money, it is kind of like your account, and we will give it back to you when you retire. But, in fact, if we remove the cap and just withhold on people and do not really give them any return, it is really not an insurance premium anymore.

*Mr. Biggs. People said, people should pay in and would get the money back with some reasonable rate of interest. I am guessing, FDR would think negative is not reasonable.

*Mr. Rice. So what we are doing is we are actually converting this from a premium to a tax.

*Mr. Biggs. Sure.

*Mr. Rice. So, you know, it is -- everybody understands that we have got to make this promise solid. Nobody disputes that. I want to say, too, like Paul Ryan, my father died

when I was 16 years old. And his Social Security benefit sure as heck made it easier. I will not say it made it possible but it made it easier for me to get through college. And I absolutely appreciate Social Security. And also, my mom is a school teacher and she suffers from the prohibitions under the WEP. We have got to do something about that.

But the question is how this thing gets paid for. And I think if you are talking about adding another \$1,400 to the annual liability of a guy who is making 60 grand, on top of the 9,200 he is already paying, that is a substantial, substantial cost. And if we totally eliminate the wage cap, we are absolutely converting this thing from a premium, which is the way that it has been sold to the American public for the last 80 or 90 years, to a tax.

And with that, Mr. Chairman, I yield back.

*Chairman Larson. I thank the gentleman. And I think, because the gentleman has been outstanding in coming to these hearings even when you are not on the subcommittee, and I really do appreciate that because of your interest. But I do think we also have to make sure that when we are talking about this as well, it is not only how Roosevelt viewed this but just as important how Eisenhower viewed this.

What Eisenhower thought was that he knew what these GIs were going through, he knew what they were coming home to. He knew that, in order for them to succeed in retirement, and

especially having come through along with Roosevelt the Great Depression, that they had to come up with a formula. And so they came up with a system that everybody is aware of. It is called the Federal Insurance Contribution Act. Let me emphasize insurance contribution. Now, the gentleman said the other day, this not insurance because you do not have a choice. You do not have a choice over automobile insurance in your state, either, or group insurance through people. But it is insurance.

And clearly, as several have pointed out, social insurance because of the social inequity and vicissitudes of life that happen in an entrepreneurial, capitalistic society. And it was that balance that both, well, Roosevelt and Truman and the last president to do anything about it, Ronald Reagan.

Let me again applaud, for the record, let me applaud President Trump for both having the temerity and the guts, in the heat of a presidential race, to stand up to 16 other Republicans who were trying to get him to say that it was an entitlement that needed to be cut. And he refused and said that it was a benefit that people earned. He will earn my respect forever for having done that.

And I do think that this is the kind of conversation that we need to continue to have as we go forward.

You wanted to say something, Mr. Reed. Go ahead.

*Mr. Reed. Before we wrap up, Chairman, I just wanted to sincerely thank you for the hearings yesterday and today. And this is exactly the type of dialogue I think the American people want us to have.

There is no secret, we have serious disagreements between your side of the aisle and our side. But we can work through those disagreements through this open dialogue. And you should be applauded, rightfully, for scheduling these hearings, dropping your bill. It comes with risks. That is, to our colleague from Pennsylvania, Mr. Boyle, when he talks about Social Security has always been described as that third rail of politics. But thank you.

And thank you to Paul Ryan, our colleague on our side of the aisle, that raised the issues of Social Security and Medicare in a way so we can have, we need to have and will have, because of your leadership, these conversations.

And over the last two days, I have seen broad agreement here, to be perfectly honest with you. I see a firm commitment from both sides of the aisle to solve this problem on a bipartisan basis. I see a recognition on the Republican side and the Democratic side that we are going to protect Social Security together in order to honor that promise that has been made. We saw together agreement in regards to targeted relief for widows. We should celebrate that common ground. Because once we achieve some common ground, then we

can build off of that for further successes.

So I just want to sincerely say, John, thank you.

*Chairman Larson. And thank you, Tom. Those are very generous remarks.

But let me also say that the last time this Congress did act, there was a Republican president. There was a Democratic Speaker of the House. There was a Republican Senate Majority Leader. That same situation exists today, although Tip had 266 members and I believe that Mitch has one less than Howard Baker had currently. But having said that, I think it is that spirit.

And, you know, what? Frankly, this is what the American people want. They are tired of the tastes-great-less-filling arguments and everybody going to their respective corners and nothing getting done. Because as we all acknowledge, and very personal experiences, I think that is one of the great things about a public hearing. I would have never known that about Tom Rice.

But when you hear what people have actually gone through in their lives, when we hear the story of your mom, I mean, these are the things that move the American people.

Are they perfect? Are our solutions perfect? No, they never quite are. But we understand at its core what we are trying to achieve here. And I think, what a great moment to say we were in Congress when it wasn't about Democrats or

Republicans, it was about moving the nation forward and uplifting all of its people. I think that is what all of us are committed to do. And thank you so much. I appreciate it.

And with that, this meeting is adjourned.

[Whereupon, at 4:08 p.m., the Subcommittee was adjourned.]

Submissions for the Record follow:

[Chairman Larson, Submission: Fed Notes on Wealth Recovery](#)

[Chairman Larson, Submission: National Academy of Social Insurance Survey](#)

[Chairman Larson, Submission: Sam Johnson's Social Security Proposal: H.R. 6489, the Social Security Reform Act of 2016](#)

[Chairman Larson, Submission: SSA Actuary Report on H.R. 6489 National Breast Cancer Coalition, Statement](#)

[Association of Mature American Citizens, Statement](#)

[Michael Binder, Center for Fiscal Equity, Statement](#)

[National Association of Police Organizations, Inc. Statement](#)