

**Statement of
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Before the Committee on Ways and Means
Subcommittee on Social Security
U.S. House of Representatives
Hearing on
“The Fierce Urgency of Now - Social Security 2100: A Sacred Trust”
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Chairman Larson and Ranking Member Reed:

My name is Max Richtman, and I am the President and CEO of the National Committee to Preserve Social Security and Medicare. The National Committee is a grassroots advocacy and educational organization dedicated to preserving and strengthening Social Security and Medicare, and other safety net programs, which are so vitally important to the well-being of our nation’s seniors.

Before I begin, I would like to take this opportunity to thank Congressman Tom Reed for his service as the Republican leader on the Social Security Subcommittee. Tom Reed’s personal story about being the youngest of 12 kids raised by a single mom supported by Social Security survivor benefits has meant that he understands the importance of this intergenerational program. His appreciation of Social Security coupled with his thoughtfulness and civility has made Representative Reed a pleasure to work with. He will be missed when he retires at the end of the 117th Congress and we wish him all the best in his future endeavors.

On behalf of our millions of members and supporters, I am honored to submit this testimony as the subcommittee considers H.R. 5723, the “Social Security 2100: A Sacred Trust Act”, which we enthusiastically endorse. Congress must vote now on H.R. 5723 to help the millions who depend on Social Security who are even worse off due to the pandemic.

Now is the Time to Strengthen and Improve Social Security

Before addressing the specifics of the legislation before you, I would like to take this opportunity to emphasize why we believe it is critical to address Social Security’s issues now. Social Security has long been an extremely popular program across the political spectrum. It has provided security and financial stability for hard-working Americans irrespective of where they live, where they work or how

much income they earn. Social Security has the power to bring our country together, and to give Congress a bipartisan issue to rally around for the good of the American people.

Every day in the United States, 10,000 people turn age 65. The Census Bureau estimates the poverty rate in 2020 was 9 percent for Americans age 65 and older. This means despite the critical support provided by Social Security, 5 million of our elderly citizens were living in poverty last year. The poverty rate for elderly women was 10.1 percent, and for African Americans it was over 17 percent, leaving almost 1 million elderly African Americans living in poverty in 2020. This is unconscionable in a country as wealthy as the United States. We simply cannot and must not sit by and allow millions of our fellow citizens, who worked hard their entire lives, to spend their golden years living in poverty. Every day we delay means more suffering for millions, suffering that can be greatly alleviated by enacting the important program improvements in H.R. 5723.

The National Committee believes that it is vitally important that Social Security's financial foundation be strengthened and that the benefits offered by the program be improved to meet the needs of all Americans more effectively. We also believe that it is essential that proposals to strengthen the adequacy of benefits address the needs of women, and especially women of color. The Social Security 2100: A Sacred Trust Act achieves all of these important goals.

Importance of Social Security

For over 85 years the Social Security program has been protecting Americans against the loss of income due to retirement, death or disability. Over 177 million workers and their families are covered by their contributions to Social Security, and over 65 million Americans currently receive Social Security benefits.

The Social Security program provides important financial security to America's workers by assuring them they will receive a foundation of retirement income which will allow them to live their retirement years in dignity. But Social Security was never intended to only be a retirement program. Instead, it is a contributory social insurance program, designed to protect workers and their families from loss of income due to death, disability or retirement. In fact, while most individuals who receive Social Security are retirees and their family members, over 14 percent of all Social Security beneficiaries are disabled workers and their families. Disability insurance can be critical for workers and their families: One in four of today's 20-year-olds will become disabled before reaching age 67. Yet the vast majority of workers have no long-term disability insurance. Individuals with a prior history of medical problems or who work in industries with a high rate of injury frequently find it prohibitively expensive or impossible to obtain coverage. Many workers don't realize their Social Security payroll taxes are also buying them this critical protection. For a young disabled worker with a spouse and two children, the disability insurance value of the benefit they get through Social Security is over \$580,000. And, unlike private disability policies and annuities, Social Security benefits are increased annually to keep up with the cost of living.

Social Security also provides life insurance to protect families from the loss of the earnings of their primary breadwinner. Nine percent of beneficiaries qualify as the survivors of deceased workers. About one in nine of today's 20-year-olds will die before reaching the full retirement age of 67. Many workers do not have life insurance to protect their families, and many may not realize that

their payroll taxes entitle their families to survivor's benefits, providing life insurance protection worth over \$725,000.

No other wage-replacement program – public or private – offers the protection Americans receive from the Social Security program.

Social Security is an enormously successful program which is essential to the retirement security of the vast majority of Americans. While Social Security benefits are modest—averaging only about \$18,600 annually in 2021—Social Security is still the single largest source of income for retired Americans. Two-thirds of Social Security beneficiaries receive over half of their income from Social Security. For nearly 1 in 5 retirees, Social Security is their only source of income. Without Social Security, nearly half of the elderly would live in poverty.

I understand that some academics, including Dr. Andrew Biggs on this panel, have argued that Social Security should be converted into the equivalent of a welfare program – providing some benefit improvements to lower income beneficiaries in exchange for sharply reducing or eliminating benefits for others. The underlying reason for this point of view appears to be the notion that older Americans are in fact much better off financially than the numbers reflected in the official estimates, and therefore do not need Social Security. As I am sure you know from your own constituents, very few Americans believe they are so well off that they can get by without Social Security. Even those who are reasonably financially stable today are well aware that this could be a very temporary condition. One fall could land them in a nursing home, and the average annual cost of \$100,000 would rapidly wipe-out any savings they may have accumulated.

As President Franklin Delano Roosevelt so famously stated, Social Security was created to “provide some measure of protection to the average citizen and to his family” against the hazards and vicissitudes of life. It is not merely a retirement program, it is a contributory social insurance program. And it is most assuredly not welfare. It is an earned benefit that American workers contribute to with each and every paycheck. It provides a financial bulwark against an uncertain financial world – a world in which Americans are acutely aware of their vulnerability.

To provide a more personal perspective, Representative Larson has distilled the national statistics into actual numbers of constituents living in every Congressional District in the United States who are currently receiving benefits from Social Security, along with the revenue these benefits bring into each community. We at the National Committee have provided a similar profile of the Districts of the Members of the Ways and Means Committee that is attached to this testimony. We believe you have a responsibility to these beneficiaries, along with the hundreds of thousands of workers and their families who will someday also receive benefits from this critical program, to work together to strengthen and improve Social Security for their peace of mind.

Social Security and Women

While Social Security is a program that is vitally important to all Americans, it is especially critical to the financial security of women. There are several reasons why this is so. First, women live longer than men. On average, women today who reach age 65 outlive men by about 2.5 years. These

additional years of longevity increase the risk that women may outlive their savings or that their pensions will lose their purchasing power.

Women, and especially women of color, are less likely than men to have employer pensions. And when women do have pensions, they tend to be smaller on average than those earned by men. The picture is even more challenging for individuals from communities of color, where less than half of employed African Americans and less than one-third of employed Latinos are covered by employer-sponsored retirement plans.

Compounding these problems, women have a history of lower earnings during their working years, take more time out of the workforce to care for family members and live in more difficult economic circumstances. As a result, they enter retirement with little or no protection from private pensions, inadequate retirement savings, and smaller Social Security benefits than those received by men.

The effects of these disparities are magnified for women of color. They are disproportionately lower earners and are more likely to have worked in part-time positions. A substantial number of women of color reach retirement with little or no retirement savings. The absence of alternative financial support has the effect of leaving women of color primarily dependent upon what is usually a very modest Social Security retirement income. Further, families of color are more dependent than other families on survivor and disability benefits under Social Security.

H.R. 5723, the Social Security 2100: A Sacred Trust Act

While there are other bills we support that improve benefits and extend solvency, my testimony today will focus on the Social Security 2100 Act. When enacted, this legislation will boost benefits for America's 65 million Social Security beneficiaries and make a down payment toward keeping the system on a sound financial footing. In addition, the bill makes important program improvements that will enable it to meet more fully the needs of America's most vulnerable populations.

Of all age cohorts, young people tend to be the most concerned about Social Security not being there for them when they retire. The bill will provide some peace of mind to these younger workers who have been repeatedly told the program's days are numbered. Sadly, there are some who take advantage of their anxiety by suggesting the only way to guarantee the program's future is by privatizing it or cutting benefits.

Enactment of H.R. 5723 would provide positive proof that Congress takes Social Security seriously, and that you can work together to strengthen and improve this program that is so important to their lives and future economic wellbeing without privatization or benefit cuts. According to the Social Security Administration's Chief Actuary, H.R. 5723 would slash the long-range actuarial deficit by one-half, from 3.54 percent of payroll to 1.71 percent. The bill also dramatically improves the percentage of scheduled benefits that are projected to be payable on a timely basis from today's 78 percent to 87 percent. We believe it is vitally important to close this gap completely and look forward to working with Congress to explore the best avenues to achieve this goal. We also firmly believe the American people will benefit from and appreciate your willingness to work together to find the solution that is best for workers, beneficiaries and their families.

Benefit Improvements

Social Security has been a bedrock program protecting the financial security of American workers in the case of retirement, disability or death. However, the value of some of its benefits has eroded over the years, and it is well past time for the program to be updated to meet the needs of today's workers and beneficiaries. The benefit improvements included in the Social Security 2100: A Sacred Trust Act have been considered for a number of years and include proposals advanced by Representative Larson, other Members of Congress and President Biden. They are included in the legislation in temporary form because they represent the most necessary, highest priority changes that are needed to address the needs of your constituents.

The last major Social Security reform was almost four decades ago. The American people cannot wait another decade for Congress to enact much-needed changes on a permanent basis. During the five years in which these benefits would be in place, millions of your constituents would be receiving critical financial support, helping them afford their medications, put food on the table, pay for housing, heating and other expenses, and in many cases help support other members of their families that have been devastated by the pandemic. I am quite confident not a single one of these Americans would refuse to accept this help because the benefit improvements are not a permanent change in the law.

The provisions most important to the membership of the National Committee include:

- An across-the-board increase for all beneficiaries of about 2 percent of the average benefit, a change that is projected to yield an annual increase for the typical retiree of about \$400. Our country is facing a retirement crisis, and this provision is critical to strengthening the one leg of the retirement system that is universal and not subject to the unpredictability of Wall Street.
- Adoption of the Consumer Price Index for the Elderly (CPI-E) to replace the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) to calculate cost-of-living adjustments (COLAs), a change which is projected by the Social Security actuaries to increase the COLA by an average of 0.2 percentage point per year. This change is necessary to more accurately reflect the goods and services purchased by seniors and the disabled.
- An increase in benefits for the oldest beneficiaries, those who have been receiving benefits for twenty years or more. This provision is important to help those who are least able to continue working and who are the most likely to have exhausted any savings they may have had upon retirement.
- An increase in the special minimum benefit so that it equals up to 125 percent of the poverty level for an individual, with additional provisions that keep the special minimum benefit up to date by indexing it to future growth in wages. This provision is essential to reducing the poverty rate among those aged 65 and older.
- Improvement of the benefits of widows and widowers from two-income households. This provision is especially important for women as they are most likely to survive their husbands and face their own retirement with significantly reduced resources. Elderly widows are among

the poorest women in America. According to the Congressional Research Service, among women aged 65 and older, about 14.4 percent of widows had total incomes below the official poverty threshold compared with 4.7 percent of married women. This provision would take an important step toward keeping them out of poverty.

- Permanent improvements to the Social Security Administration’s (SSA) service delivery to the public by requiring the resumption of mailings of hard copy Social Security benefit statements as required by law so workers better understand the benefits they have earned, by the prevention of unwarranted closures of SSA field offices and by improving access to legal assistance for people seeking disability benefits.

While our members support all benefit improvements in this bill, a fairer COLA is at the top of their list. COLAs are all about protecting Social Security benefits from being eroded by inflation. But, sadly, the current CPI-W has fallen far short of providing needed inflation protection because it fails to adequately measure the spending patterns of seniors, who typically spend more on out-of-pocket health care costs than other Americans.

When I attend policy forums held with seniors throughout the country, the question most often asked is: “Why does Congress give me an inadequate Social Security COLA? I need it to get by on!” Seniors simply don’t understand why “Washington” believes seniors did not experience inflation in 2010, 2011 and 2016 when there was no COLA. This problem is even apparent this year despite the generous COLA of 5.9 percent for 2022. The substantial \$21.60 (or 14.55 percent) increase in premiums for Medicare’s Part B for 2022 will significantly reduce that Social Security increase for many beneficiaries, leaving them still facing skyrocketing prices for food, housing and other necessities with few additional resources. Seniors are frustrated that nothing has been done to fix this problem. That’s why seniors strongly support the CPI-E provision in Chairman Larson’s bill.

Strengthening Social Security’s Financial Foundation

As I stated earlier, the Social Security 2100: A Sacred Trust Act strengthens Social Security’s financial foundation by increasing revenue dedicated to the support of the program by extending the payroll tax to all wages paid to workers that are in excess of \$400,000. Over time, the bill would eliminate the existing cap on wages subject to FICA since it is adjusted annually, so that all wages would be covered for Social Security tax and benefit purposes. Most Americans are shocked to discover there is a payroll tax cap at all, and public support for raising or eliminating it is strong. H.R. 5723 ensures that more high-income earners contribute their fair share to the Social Security program and that they and their families receive the benefits they earn when they retire, become disabled or die.

Public Support for Social Security

Some of the panelists before you today continue to promote privatization of Social Security, in some cases citing polls that appears to show a preference by Americans to invest their payroll contributions in the stock market rather than increasing their contributions to Social Security. While we appreciate the fervor with which some academics who tout these statistics have more confidence in Wall Street than in the United States government, our members, and the multitudes of your constituents who participate in town hall meetings would beg to differ. We believe former President George W. Bush

discovered this fact when he proposed privatizing Social Security during his second term as President. Large majorities of the American public resoundingly opposed his efforts, and the more he promoted his plan, the steeper public support dropped. What we have discovered with many polls showing strong public support for privatization is that the wording of the questions plays an important role in the results.

For example, Dr. Andrew Biggs recently commissioned a question in the RAND Corporation's American Life Panel that asked: "Some Americans are concerned about not having enough income once they retire. If you wished to increase your future retirement income, would you prefer to: Pay higher Social Security taxes while working and receive a higher Social Security benefit when you retire? Or make higher contributions to a private retirement account such as an IRA or 401(k) and receive higher income from that account when you retire?" Not surprisingly, creating the false equivalence between a secure Social Security benefit and the riskiness of investing in the stock market resulted in large numbers of respondents who chose the investment option. Questions that acknowledge the level of risk involved in private retirement accounts show markedly different results, as President Bush discovered. While there is a place for private investments for retirement, it should be to supplement the foundation provided by Social Security – not to replace it.

The National Committee has conducted our own polling to determine whether the American people supported raising earnings' contributions to strengthen Social Security's financing. In 2017, we commissioned a poll that was conducted by Celinda Lake of Lake Research Partners, which reaffirmed that Social Security is overwhelmingly popular and that benefit cuts are not.

Ms. Lake says that polling results over 70 percent are considered "home runs." If that's the case, Chairman Larson's bill hits grand slams. Across party lines, 79 percent supported paying for an increase in benefits by having wealthy Americans pay the same rate into Social Security as everyone else. Raising the Social Security payroll tax cap is popular because it is a matter of equity and fairness.

The National Committee's polling is consistent with the National Academy of Social Insurance (NASI) August 2014 survey which found that Americans were willing to pay more to strengthen Social Security. Seventy-seven percent of Americans agreed that it is critical to preserve Social Security for future generations even if it means increasing Social Security taxes paid by working Americans.

In fact, the NASI poll found that seven in ten respondents across generations and income levels supported a package of Social Security reform proposals including:

- Gradually, over ten years, eliminate the cap on earnings taxed for Social Security.
- Gradually, over twenty years, raise the Social Security payroll tax that workers and employers each pay from 6.2 percent to 7.2 percent.
- Increase the cost-of-living adjustment (COLA) to more accurately reflect the spending patterns of seniors.
- Raise Social Security's minimum benefit.

Conclusion

In closing, Mr. Chairman, I wish to congratulate you and your subcommittee for holding this hearing on the Fierce Urgency of Now - Social Security 2100: A Sacred Trust Act. For years, our members have told us that they want and need their Social Security benefits boosted. They want fairer cost-of-living adjustments that reflect retirees' true living expenses. They want benefit improvements for those who need help the most: the oldest-old, survivors and those with low lifetime earnings. They want the wealthy to start paying their fair share in Social Security payroll contributions. The 2100 Act achieves all of that — and more.

Not only do our members support this bill, the American public has affirmed the principles that it embodies in poll after poll, across party lines and age groups. Meanwhile, the public has roundly rejected proposals for “reforming” Social Security, including privatization, raising the retirement age and imposing stingier COLA formulas.

H.R. 5723 represents the consensus of an overwhelming majority of Americans by making an important down payment toward closing Social Security's funding gap and improving Social Security benefits. It strikes the right balance between the overall financial needs of the program and the specific needs that still exist for strengthening the protections that Social Security provides. Mr. Chairman, the National Committee supports the provisions included in H.R. 5723 and proudly endorses it. We look forward to working with you and members of the Social Security Subcommittee and the Ways and Means Committee to enact this commonsense legislation.

Snapshots of the economic impact of Social Security by Congressional District, December 2020

Member/CD	Total Recipients	Total Monthly Benefit	Retirees	Disabled	Widow(er)s & Spouses	Children
Neal MA-01	170,503	\$ 231 Million	113,165	30,170	13,793	13,375
Doggett TX-35	111,015	\$ 131 Million	70,976	18,899	11,292	9,848
Thompson CA-05	144,623	\$ 218 Million	110,592	13,925	13,200	6,906
Larson CT-01	144,976	\$ 223 Million	108,884	16,522	10,794	8,776
Blumenauer OR-03	136,413	\$ 200 Million	101,486	16,421	11,530	6,976
Kind WI-03	167,205	\$ 233 Million	124,708	20,038	13,006	9,453
Pascrell NJ-09	124,167	\$ 179 Million	91,756	13,021	12,695	6,695
Davis IL-07	99,677	\$ 134 Million	67,619	15,254	8,934	7,870
Sanchez CA-38	115,073	\$ 154 Million	84,587	10,107	14,780	5,599
Higgins NY-26	158,135	\$ 225 Million	106,037	26,018	14,651	11,429
Sewell AL-07	157,219	\$ 195 Million	91,480	36,331	12,949	16,459
DelBene WA-01	123,781	\$ 198 Million	94,792	11,015	12,575	5,399
Chu CA-27	119,702	\$ 165 Million	94,322	6,699	13,974	4,707
Moore WI-04	114,465	\$ 153 Million	73,072	22,187	8,374	10,832
Kildee MI-05	178,321	\$ 258 Million	116,216	30,554	18,371	13,180
Boyle PA-02	114,416	\$ 141 Million	68,514	24,481	10,630	10,791
Beyer VA-08	83,914	\$ 137 Million	66,238	5,886	7,947	3,843
Evans PA-03	124,104	\$ 167 Million	83,042	22,350	9,781	8,931
Schneider IL-10	109,903	\$ 150 Million	75,054	16,655	9,067	9,127
Suozi NY-03	149,939	\$ 265 Million	116,383	9,843	17,170	6,543
Panetta CA-20	118,808	\$ 167 Million	89,754	11,087	11,853	6,114
Murphy FL-07	132,229	\$ 193 Million	96,197	15,007	13,050	7,975
Gomez CA-34	81,878	\$ 85 Million	59,077	8,305	10,581	3,965
Horsford NV-04	144,265	\$ 203 Million	107,171	17,020	11,492	8,582
Plaskett VI-00	21,922	\$ 27 Million	17,036	1,404	2,151	1,331
Brady TX-08	145,471	\$ 221 Million	103,847	15,321	17,372	8,931
Nunes CA-22	120,383	\$ 160 Million	87,129	12,423	12,286	8,545
Buchanan FL-16	232,433	\$ 364 Million	182,825	19,983	20,310	9,315
Smith NE-03	132,561	\$ 180 Million	98,864	13,717	13,011	6,969
Reed NY-23	169,963	\$ 237 Million	120,419	24,767	14,273	10,504
Kelly PA-16	176,478	\$ 249 Million	122,759	24,829	17,785	11,105
Smith MO-08	188,233	\$ 235 Million	118,927	36,157	18,072	15,077
Rice SC-07	216,179	\$ 310 Million	157,390	29,818	15,979	12,992
Schweikert AZ-06	155,381	\$ 260 Million	122,451	11,639	15,381	5,910
Walorski IN-02	151,017	\$ 221 Million	108,760	19,422	13,255	9,580
LaHood IL-18	155,071	\$ 228 Million	117,704	14,363	14,814	8,190
Wenstrup OH-02	151,408	\$ 210 Million	100,889	22,484	17,307	10,728
Arrington TX-19	126,855	\$ 169 Million	86,126	16,003	15,472	9,254
Ferguson GA-03	156,447	\$ 222 Million	109,265	22,674	13,266	11,242
Estes KS-04	146,112	\$ 216 Million	104,775	18,842	12,636	9,859
Smucker PA-11	161,012	\$ 247 Million	121,052	18,514	13,666	7,780
Hern OK-01	156,773	\$ 233 Million	109,851	21,287	15,312	10,323
Miller WV-03	168,273	\$ 223 Million	93,677	33,650	25,196	15,750

State-wide data and remaining congressional districts can be found at: <https://www.ncpsm.org/117th-congress/social-securitys-economic-impact-states/>