CCD

CONSORTIUM FOR CITIZENS WITH DISABILITIES

Commemorating 40 Years Of Disability Advocacy 1973-2013

Statement for the Record

Hearing on the President's and Other Bipartisan Entitlement Reform Proposals, April 11, 2013

Subcommittee on Social Security
Committee on Ways and Means
U.S. House of Representatives

Submitted May 2, 2013 on behalf of the undersigned members of the Consortium for Citizens with Disabilities:

ACCSES
American Association on Health and Disability
American Council of the Blind
American Music Therapy Association
Association of Assistive Technology Act Programs
Association of University Centers on Disabilities
Autism National Committee
Bazelon Center for Mental Health Law
Brain Injury Association of America
Children and Adults with Attention-Deficit/Hyperactivity Disorder
Community Access National Network
Community Legal Services
Council of State Administrators of Vocational Rehabilitation
Disability Rights Education and Defense Fund
Disability Rights Legal Center
Easter Seals
Epilepsy Foundation
Goodwill Industries International
Health and Disability Advocates
Lupus Foundation of America
National Alliance on Mental Illness
National Association of Councils on Developmental Disabilities
National Association of Disability Representatives
National Association of State Head Injury Administrators
National Committee to Preserve Social Security and Medicare
National Council for Community Behavioral Healthcare

National Council on Independent Living
National Down Syndrome Congress
National Down Syndrome Society
National Industries for the Blind
National Organization of Social Security Claimants' Representatives
National Respite Coalition
NISH
Paralyzed Veterans of America
Special Needs Alliance
The Arc of the United States
United Spinal Association

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The Consortium for Citizens with Disabilities (CCD) is a working coalition of national organizations working together to advocate for national public policy that ensures the self-determination, independence, empowerment, integration and inclusion of the 57 million children and adults with disabilities in all aspects of society. The undersigned members of CCD submit this Statement for the Record of the April 11, 2013 House Ways and Means Social Security Subcommittee hearing on the President's and Other Bipartisan Entitlement Reform Proposals.

The undersigned organizations strongly oppose the use of the chained Consumer Price Index for All Urban Consumers ("chained CPI-U") to determine the Social Security cost-of-living adjustment (COLA). We also strongly oppose using the chained CPI-U to determine COLAs for other benefit programs such as veterans' benefits, to calculate the federal poverty guidelines, and for other vital anti-poverty programs including the Earned Income Tax Credit.

We support thoughtful efforts to strengthen the Social Security system's long-term financing but changes to the programs should not be made in the context of deficit reduction, and should ensure a benefit formula that provides adequate protection against inflation and does not push more people into poverty. The Social Security system is a vital part of our social insurance safety net and protects some of the poorest and most vulnerable Americans. Careful consideration should be given to the potential impact on seniors and people with disabilities before making any changes to such critical programs.

The Chained CPI-U and People with Disabilities

Although some might describe use of the chained CPI-U as a mere technical change, it would likely have dramatic impacts on current and future Social Security and Supplemental Security Income (SSI) beneficiaries. In fact, as noted by the Congressional Budget Office, the impact of the chained CPI-U "would be especially large for some disabled beneficiaries; they generally become eligible for Social Security benefits before age 62 and thus can receive COLAs for a longer period of time."[1] As discussed below, many beneficiaries with

[1] Testimony of Jeffrey Kling, Congressional Budget Office, April 18, 2013, before the Committee on Ways and Means Social Security Subcommittee, on "Using the Chained CPI to Index Social Security, Other Federal Programs,

disabilities rely on Social Security or SSI for most or all of their income. Additionally, like many seniors, people with disabilities often spend a disproportionate amount of their monthly budget on out-of-pocket medical expenses and on housing. Most beneficiaries with disabilities have already economized as much as possible and have little room in their budgets to make additional substitutions as envisioned under the chained CPI-U.

For a Social Security beneficiary receiving the average 2012 Disability Insurance benefit, the chained CPI-U would result in benefit cuts of about $347 per year (2.6%) after 10 years, $720 (5.4%) after 20 years, and $1,084 per year (8.13%) after 30 years. These cuts could be devastating and force people to make terrible life and death choices between paying for a prescription or buying food.

In addition, using the chained CPI-U to calculate the Social Security COLA would result in a significant, two-part cut in SSI benefits. Unlike Social Security, where initial benefits are based on a worker's wage history, the SSI initial payment levels are based on a federal benefit rate that is adjusted using the CPI-W. Using the chained CPI-U, the SSI initial payment levels would grow at a lower rate, meaning that a person's benefits would be cut even prior to application – and then would be cut a second time through lower cost-of-living adjustments.

Using the chained CPI-U to calculate the Social Security COLA would also result in a significant benefit cut for the Military Retirement and Veterans' Pension Benefit Programs, which by law receive a COLA based on the Social Security COLA. Finally, it would likely impact Veterans' Disability Compensation, which receives a COLA enacted each year by Congress that typically provides an adjustment equal to the Social Security COLA.

Furthermore, if applied government-wide, the chained CPI-U would affect many other programs that are vital to people with disabilities. For example, income eligibility standards for many parts of Medicaid, for the Supplemental Nutrition Assistance Program (SNAP; formerly known as the food stamp program), and for over 30 vital anti-poverty programs are based on the federal poverty guidelines. Applying the chained CPI-U to the federal poverty guidelines would likely result in fewer adults and children with disabilities qualifying for Medicaid, SNAP, and essential programs such as the Child Nutrition Programs, Head Start, and the Low-Income Home Energy Assistance Program (LIHEAP).

The Administration's FY 2014 Budget Proposal

As noted earlier, we support thoughtful efforts to strengthen the Social Security system's long-term financing but believe changes should not be made in the context of deficit reduction.

The Administration's FY 2014 budget proposal includes provisions intended to soften the impact of the chained CPI-U, but the fact that so many protections are being considered highlights the reality that the chained CPI-U is not the right policy for Social Security. The proposed protections are well-meaning, but inadequate to address the needs of extremely vulnerable beneficiaries. For example, switching to chained CPI-U in FY 2015 would mean that the

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and the Tax Code for Inflation."

spending capacity of Social Security disability beneficiaries would fall even further behind annual increases in health-care and related costs that disproportionately impact people with disabilities. Yet, the proposed "benefit enhancement" would provide no relief for 15 years, and would not be fully realized for another 10 years. Additionally, some beneficiaries with severe, lifelong disabilities can begin receiving Social Security as young as age 18. Under the Administration's proposal, such beneficiaries with disabilities would receive two benefit adjustments at 15 and 25 years – but would have no protection from the chained CPI-U after that.

The Importance of Preserving Social Security, SSI, and other Vital Programs for People with Disabilities

Millions of people with disabilities and their families rely on the Social Security Old-Age, Survivors, and Disability Insurance programs; SSI; Veterans' Disability Compensation; and other programs that would be affected by the chained CPI-U to meet their basic needs. The undersigned groups strongly support taking steps to achieve the long-term financial solvency of Social Security. We understand that it is vitally important to take steps to strengthen the long-term financing of the Social Security system so that it can continue to provide the critical income support on which many of the most vulnerable members of our society depend.

Social Security benefits, however, are already very modest and should not be cut. In February, 2013 the average Disability Insurance benefit for a disabled worker was about $1,130 – just over the federal poverty line – and the average SSI benefit was just $526 per month – about half the federal poverty level for a single person, and just $17.53 per day.

Social Security beneficiaries rely on these benefits for a significant portion of their income. Social Security disability benefits comprise more than 90 percent of the total income for almost half of non-institutionalized disabled workers, and more than 75 percent of total income for the vast majority of disabled worker beneficiaries. Social Security benefits equal half or more of the **total** family income for about half of disabled worker beneficiaries, and over 57% of SSI beneficiaries have no other source of income. Poverty rates among disabled worker beneficiaries are twice as high as for other Social Security beneficiaries but would be even higher if not for Social Security Disability Insurance benefits.

The same is true for beneficiaries of Social Security retirement benefits. The average yearly benefit for the lowest 20% of income earners receiving retirement benefits in 2008 was $10,206 and that represented 94% of their family income. Any cut to benefits will likely mean that a basic need (like food, medicine, or shelter) will not be met for the people who depend almost entirely on Social Security benefits.

Conclusion

The undersigned members of CCD strongly support thoughtful efforts to strengthen the Social Security system's long-term financing. The sooner such action is taken the better as the modest changes that are required to restore long-term actuarial balance to the program can be made gradually and fairly given enough time to implement the changes. Strengthening Social Security does **<u>not</u>** require cutting benefits. Changing the Social Security COLA to be based on the chained CPI-U would do just that.

We urge the Subcommittee to oppose the use of the chained Consumer Price Index for All Urban Consumers ("chained CPI-U") to determine the Social Security COLA.

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