

STRENGTHEN SOCIAL SECURITY

...don't cut it.

November 21, 2014

The Honorable Barack Obama
President of the United States
The White House
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500

Re: Legislative Agenda

Dear Mr. President,

We built our Social Security system because it is the most efficient, secure, universal, and fair way for Americans to replace wages in the event of death, disability, or old age. The importance of Social Security—the nation’s family insurance against lost wages due to old age, disability, or death—cannot be overstated. Through their hard work and payroll tax contributions, nearly all American workers earn Social Security’s retirement, disability, and survivorship protections for themselves and their families.

Our Social Security system has withstood the test of time. It represents the best of American values—rewarding hard work, honoring our parents, caring for our neighbors, and taking responsibility for ourselves and our families. It is based on a promise that if you pay in, then you earn the right to guaranteed benefits. Like our interstate highway system, however, Social Security requires periodic maintenance to remain strong.

The undersigned organizations urge you to address the need to maintain a vital part of our Social Security system in your 2016 budget proposal: Social Security’s Disability Insurance (DI) fund reserves are projected to be depleted in 2016, at which point revenue coming into the system would cover only about 80% of benefits to current and future beneficiaries.

Fortunately, history provides a ready, time-tested solution. As Treasury Secretary Lew said in July, “it’s going to be important for there to be legislation that does reallocate the payroll tax to support the disability fund.” We applaud Secretary Lew’s remarks. We urge you to include a legislative proposal in your 2016 budget to implement this non-controversial, commonsense adjustment, and to exclude proposals to cut Social Security benefits, coverage, or eligibility.

A modest, temporary reallocation of part of Social Security’s 6.2% tax rate from the Old-Age and Survivors Insurance (OASI) fund to the DI fund would ensure that both funds are on an equal footing. Congress has reallocated tax rates between the two funds 11 times in the past. About half the time it increased the share going to the OASI fund and about half the time it increased the share for DI. Congress has never failed to act when it was necessary to rebalance the two funds, and it has consistently done so in a bipartisan fashion without controversy. It is time now to do it again.

The need to rebalance the Social Security funds now is no surprise. Congress last acted to rebalance the two funds in 1994. The 1995 Social Security Trustees Report then showed that the DI reserves would be depleted in 2016, due in large part to a rapid, but temporary, increase in the number of DI beneficiaries as baby boomers passed through their 50s and early 60s when the risk of disability is greatest. As expected, the growth in DI is leveling off as boomers enter retirement and shift to OASI benefits. In brief, the need to rebalance the two funds by 2016 reflects a long-anticipated, but temporary, shift in the funding requirements of the two funds. Reallocation would

not affect the long-term financing of the combined Social Security system, which would remain solvent through 2033. Reallocation is the sensible solution to the current situation.

The alternative – allowing an abrupt cut in disability benefits for 11 million Americans – is unthinkable. The onset of a disability can be a life-altering experience that puts workers and their families at extreme financial risk. Most workers have very limited personal savings to fall back on, and only a third of private sector workers have long-term disability insurance through their jobs. Social Security Disability Insurance (SSDI) is an economic lifeline that protects workers and their families from dire hardship. The average disabled-worker benefit is \$1,140 a month, or about \$38 per day. These modest benefits keep millions of people from deep poverty, even homelessness, and serve as the sole or main source of income for about 80 percent of beneficiaries. Without SSDI, about one out of two beneficiaries would live in poverty; even with benefits, most have low incomes.

Approximately 1 in 5 of our fellow Americans lives with a disability, but only those whose conditions impose the most significant impediments to work receive SSDI. Many beneficiaries have multiple impairments and many are terminally ill: about 1 in 5 men and nearly 1 in 6 women die within 5 years of receiving SSDI benefits.

The test of disability in the Social Security law is very strict. Only those whose impairments are expected to preclude substantial work for a year or more are eligible for benefits. The Organization for Economic Cooperation and Development (OECD) describes our Social Security disability system as having among “the most stringent eligibility criteria.” SSDI’s program rules, policies, and procedures require extensive medical evidence and documentation. Most people who apply for benefits do not meet the strict test. The latest data indicate that about 40 percent of applicants receive benefits after all levels of appeal.

As Secretary Lew stated, Congress needs to reallocate the current 6.2% tax rate between OASI and DI to equalize the financing of the two funds. Reallocation can and should be done without cutting benefits or narrowing coverage or eligibility. This sensible action will give policymakers ample time to strengthen Social Security for the long-term.

For these reasons, the undersigned organizations urge you to include a legislative proposal to rebalance the Social Security funds in your 2016 budget, and to exclude proposals to cut Social Security benefits, coverage, or eligibility. This is necessary to preserve confidence in our Social Security system and protect the economic well-being of both current and future beneficiaries.

Sincerely,

ACCSES

Alliance for a Just Society

Alliance for Retired Americans

American Association of People with Disabilities

American Association of University Women
(AAUW)

American Council of the Blind

American Federation of Government Employees
(AFGE)

AFL-CIO

American Federation of State, County and
Municipal Employees (AFSCME)

American Foundation for the Blind

American Medical Rehabilitation Providers
Association (AMRPA)

Association of University Centers on Disability

Bazelon Center for Mental Health Law

B'nai B'rith International	National Disability Rights Network
Brain Injury Association of America	National Education Association
Campaign for America's Future	National Industries for the Blind
Center for Community Change Action	National Multiple Sclerosis Society
Community Legal Services	National Organization for Women
Easter Seals	National Organization of Social Security Claimants' Representatives (NOSSCR)
Economic Opportunity Institute	National Respite Coalition
Economic Policy Institute	National Senior Citizens Law Center
Goodwill Industries International	National Women's Law Center
Health & Disability Advocates	Older Women's Economic Security Task Force
International Brotherhood of Teamsters	OWL-The Voice of Women 40+
International Union, United Automobile, Aerospace & Agricultural Implement Workers of America (UAW)	Paralyzed Veterans of America
Latinos for a Secure Retirement	Pension Rights Center
Main Street Alliance	Progressive Democrats of America
NAACP	Service Employees International Union (SEIU)
National Adult Day Services Association (NADSA)	Special Needs Alliance
National Alliance on Mental Illness	Social Security Works
National Association of Disability Representatives	SourceAmerica
National Association of Social Workers (NASW)	The Arc of the United States
National Caucus and Center on Black Aging, Inc.	United Steelworkers (USW)
National Committee to Preserve Social Security and Medicare	VetsFirst
National Council of Women's Organizations	Vietnam Veterans of America
	Wider Opportunities for Women (WOW)