

August 6, 2013

Dear Chairman Camp and Representatives Levin, Johnson, and Becerra:

The National Women's Law Center (NWLC) is strongly opposed to using the chained Consumer Price Index to calculate annual cost-of-living adjustments for Social Security.

The NWLC has analyzed this proposal, and found that [switching to the chained CPI means painful benefit cuts—especially for women](#). It would reduce the annual COLA, cutting the value of Social Security benefits by an amount that gets larger every year a beneficiary lives.

The impact on women would be particularly harmful because they tend to live longer than men, and so would experience deeper cuts; rely more on income from Social Security, so the cuts represent a larger share of their total income; and are already at greater risk of poverty as they age. For the typical single elderly woman, with a benefit of just \$1,100 per month (\$13,200 per year), the chained CPI would cut benefits by \$56 per month at age 80—the equivalent of one week's worth of food each month—and \$101 per month at age 95—equivalent to the loss of about two weeks' worth of food each month.

President Obama's chained CPI proposal includes some features designed to mitigate the impact on the oldest and poorest beneficiaries. However, even with these protections, the proposal [fails to adequately protect vulnerable beneficiaries](#). At age 75, before any "bump-up" begins, the typical single elderly woman would lose the equivalent of five days' worth of food each month. The bump-ups would not restore her monthly benefit to current law levels unless she lived to 104—and she'd never recover the thousands of dollars of cumulative losses.

There is no justification for switching to the chained CPI and cutting already modest benefits that millions of Americans—especially women—depend on to make ends meet. The chained CPI is not a more accurate measure of inflation for Social Security beneficiaries. Indeed, the current CPI already underestimates inflation for the elderly and people with disabilities--the vast majority of Social Security beneficiaries—because it fails to take account of their higher health care spending, where costs are increasing faster than for other goods and services. Switching to the chained CPI would make this underestimation worse.

Cutting benefits is not the way to "protect and preserve" Social Security. The NWLC urges this Committee to instead consider proposals that would protect and improve both the economic security of the millions of Americans who depend on Social Security and the solvency of the program, such as having the highest earners contribute based on all of their earnings.

Thank you for inviting the public to comment on this crucial issue.

Sincerely,



Joan Entmacher
Vice President for Family Economic Security