

The logo features a stylized sunburst or starburst design within a circular frame, with a green square element on the left side.

Leadership Council of Aging Organizations

Debra B. Whitman, Chair

October 9, 2014

The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear President Obama,

On behalf of the Leadership Council of Aging Organizations (LCAO), a coalition of national not-for-profit organizations representing over 60 million older Americans, we write to ask you to maintain a vital part of our Social Security system in your 2016 budget proposal. We urge you to include a non-controversial, commonsense legislative adjustment in your 2016 budget for Congress to temporarily reallocate the Social Security payroll contributions to address the anticipated shortfall in the Social Security Disability Insurance (DI) program. We also strongly urge you to reject proposals to cut Social Security benefits, coverage, or eligibility.

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 80% of benefits. This projected shortfall is not a surprise and Congress should rebalance income across the Social Security Trust Funds, as it has done 11 times before, to cover the anticipated shortfall. As Treasury Secretary Lew stated in July, "it's going to be important for there to be legislation that does reallocate the payroll tax to support the disability fund."

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 put both funds on an equal footing. Congress has rebalanced tax rates between the two funds 11 times since the DI trust fund was established in 1956. About half the time Congress 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 basis. It is time to do so again, and can be done today without compromising the ability of the overall Social Security program to pay full benefits from both trust funds for the next 20 years.

When Congress acted to rebalance the two funds in 1994, it was clear it would have to take action again in 2016. The 1995 Social Security Trustees Report showed that the DI reserves would be depleted in 2016, primarily due 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.

The typical DI beneficiary is in his or her late 50s. Seventy percent are over age 50, and 30 percent are 60 or older¹. These beneficiaries depend on Social Security for a significant portion of their income. Without benefits, fifty-five percent of families with a disabled worker would have incomes below the poverty line. And, since the benefits they receive continue as they grow older, the DI program helps to ensure that these disabled workers don't fall into poverty as they age.

Another factor that has led to an increase in the number of DI beneficiaries is a rise in the full retirement age. When DI beneficiaries reach Social Security's full retirement age, they begin receiving Social Security retirement benefits rather than DI. The increase in the full retirement age to 66 has delayed that conversion. In December 2013, more than 450,000 people between ages 65 and 66 — over 5 percent of DI beneficiaries — collected DI benefits. Under the rules in place until 2003, they would have received retirement benefits instead. This is just one example of how closely the retirement and disability components of Social Security are interwoven.

The growth in DI is leveling off as boomers enter retirement and shift to OASI benefits. The need to rebalance by 2016 reflects a long-anticipated, but temporary, shift in the funding requirements of the two funds. Rebalancing would not affect the long-term financing of the combined Social Security system, which would remain solvent through 2033. Rebalancing 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.

Sincerely,

AFL-CIO

AFSCME Retirees

Alliance for Retired Americans

American Federation of Government Employees (AFGE)

American Foundation for the Blind (AFB)

American Postal Workers Union Retirees (APWU)

American Society on Aging (ASA)

Asociacion Nacional Pro Personas Mayores (ANPPM)/ National Association for Hispanic Elderly

Association For Gerontology and Human Development in Historically Black Colleges and Universities (AGHDHBCU)

Association of Jewish Aging Services (AJAS)

B'nai B'rith International

Caring Across Generations

Center for Elder Care and Advanced Illness – Altarum Institute

¹ http://www.ssa.gov/OACT/ProgData/benefits/da_age201312.html

Center for Medicare Advocacy, Inc.
Easter Seals
Military Officers Association of America (MOAA)
National Academy of Elder Law Attorneys (NAELA)
National Active and Retired Federal Employees Association (NARFE)
National Adult Day Services Association (NADSA)
National Adult Protective Services Association (NAPSA)
National Alliance for Caregiving
National Association for Home Care & Hospice
National Association of Area Agencies on Aging (n4a)
National Association of Retired and Senior Volunteer Program Directors, INC. (NARSVPD)
National Association of Social Workers (NASW)
National Caucus and Center on Black Aged, Inc. (NCBA)
National Committee to Preserve Social Security and Medicare (NCPSSM)
National Senior Citizens Law Center (NSCLC)
National Senior Corps Association (NSCA)
OWL – The Voice for Women 40+
Pension Rights Center
Volunteers of America
Wider Opportunities for Women (WOW)