



Rep. David Cicilline Is Right About Social Security, PolitiFact Was Wrong (Again)



**Congressman Cicilline
at the ARA Leadership
Conference in
Washington, DC**

"Let's Set The Record Straight"

To quote the late Senator Daniel Patrick Moynihan, "Everyone is entitled to his own opinions, but not his own facts."

On May 13, 2013 on WPRI's "Newsmakers," Rep. David Cicilline responded to a question about how to improve Social Security's finances by stating:

♦ Social Security used to be a tax which was assessed on approximately 90 percent of the income generated in this country, which was sort of where it has been historically. It currently collects taxes on about 83 percent of wages earned, because the cap ... only captures 83 percent of earnings,

because there's been such a growth of income at the very top.

PolitiFact Rhode Island judged the Congressman's statement to be "Mostly False."

Let's consider the facts:

When Social Security was originally introduced by Congress, the cap to its contribution base was set at a level that covered more than 90 percent of earnings in the economy - 92 percent in 1937, the first year that Social Security contributions were collected. In the decades that followed, the share of covered earnings declined into the 70-80 percent range -- not by design, but by the simple operation of wage growth and inflation. In the 1977 Social Security Amendments, Congress consciously decided that the cap should again cover 90 percent of wages, and took explicit steps to restore and maintain it at that historic level.

The House Ways and Means Committee

report accompanying the 1977 Amendments explained: The "... bill provides for increasing the contribution and benefit base... to a level where about 90 percent of all payroll in covered employment would be taxable for social security purposes." The *Social Security Bulletin* article reporting on the 1977 Amendments expressed Congress's legislative intent similarly: "In 1981 and after, about 91 percent of all payroll in covered employment will be taxable for social security purposes. ... In comparison, the ... base provided for in the original social security law taxed nearly 93 percent of all payroll in 1938 ..." In the 1977 Amendments, Congress not only restored the cap to its historic level; to ensure that the cap would remain around the 90 percent level going forward, it also automatically indexed the new cap to growth in average wages.

However, despite Congress' legislative intent, the share of earnings in the

economy covered by the cap has declined from 90 percent in 1983 to about 83 percent today, due to the fact that since 1983, income above the cap has grown much faster than income below the cap.

The Congressman is completely correct that in the two key moments in Social Security's history when Congress acted to consciously set the cap, it chose to set it just above 90 percent of earnings.

Not only is Rep. Cicilline right about the history of Social Security, but his current work shows he also understands how to preserve our Social Security system for the future. In the House, Rep. Cicilline is leading the charge with a resolution already signed by over 100 members rejecting the chained CPI benefit cut.

An analysis by Social Security Works found that if the chained CPI were enacted, even with

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the White House's proposed benefit enhancement, the average worker retiring today at age 65 would see his or her Social Security benefits cut cumulatively by \$15,615 by age 95. The same analysis shows that by age 75, the cumulative cut would be \$4,642; and by age 85, \$9,521.

Social Security's benefits are as important as they are modest. As of April 2013, the average Social Security benefit for a retiree was \$15,200. And yet, two-thirds of our seniors rely on Social Security for a majority of their income or more and about one-third rely on it for 90 percent or more.

Clearly, our Social Security system is working as intended. But the rest of our retirement system is in crisis. Traditional pension protections are greatly diminished, home equity is down, health care costs are up, and 401k plans are unreliable. The results are not pretty. Over half (53 percent) of working-age American households will not be able to maintain their standard of living in old age, two-thirds when health and long-term care costs are counted, according to the Center for Retirement Research at Boston College.

We are facing a looming retirement security crisis; Social Security works and is the best system we have to provide security during retirement. Millions of Americans can't afford even a single penny cut from their earned benefits. And Rep. Cicilline is right: We can improve the finances of Social Security—and retirement security overall—by raising the cap to again cover 90% of income.



So the *Rhode Island Alliance for Retired Americans* RULES PolitiFact MOSTLY FALSE, AGAIN!!!

Social Security Trustees Annual Report

On Friday, May 31, 2013, Social Security's board of trustees released their annual report on the financial outlook of Social Security's trust fund, and it will find that the surplus is continuing to grow and will be around \$2.8 trillion in 2013. But, we already know that the Wall Street bankers and their allies in Washington will distort whatever the report says into calls to dismantle our Social Security system brick by brick.



Here's what the Trustees Report Said

Trustees Reports: Social Security Steady, Medicare Financial Outlook Improved

The Social Security and Medicare Trustees issued their annual reports on the state of the two programs' finances today. Social Security, according to its Trustees, has a \$2.7 trillion surplus, enough to fully meet the demands of a growing retiree cohort through 2033 – the same as last year. With no action from Congress, it would cover most benefits through 2087. The Trustees report for Medicare noted that its Trust Fund, which covers hospital care, can fully pay benefits through 2026 – two years later than forecast last year. The Medicare trustees report shows reduced cost growth; this is further proof in many experts' eyes that health care reform is working for seniors.

AFL-CIO President **Richard Trumka** and Alliance Executive Director **Edward Coyle** issued a joint statement about the reports. "We must call out those who will try to misuse today's report as political cover for unwarranted and ill-advised benefit cuts, like switching to the 'chained CPI' to calculate Social Security's annual cost of living increase (COLA)," Mr. Trumka and Mr. Coyle said. **To read their full statement**, go to <http://tinyurl.com/k6qnk3u>.

A VISION FOR SOCIAL SECURITY

Richard (RJ) Eskow, Huffington Post

Is our country losing the vision and values which gave rise to Social Security?

The numbers say that Social Security should be increased, not cut, and most Americans agree.

Social Security benefits lag far behind those of other developed countries. A new analysis of census data shows that elder poverty is much higher than we first realized. And yet the discussion in Washington is of cutting, not expanding, it. The number of impoverished seniors would rise sharply if that happened, or if the Medicare cuts currently under discussion became law.

The numbers say that Social Security should be *increased*, not cut, and most Americans agree.

But the Social Security cutters, financed by billions and aided by their network of powerful friends in government and the media, are appealing to the human heart. That's a bitter irony for a policy prescription that even their own consciences must recognize is heartless...**Read More**



SAVE THE DATE



THE HUMAN CHAIN AGAINST THE CHAINED CPI

July 2ND, 2013 • 10:30 AM

**Where: Salvatore Mancini Recourse & Activity Center
2 Atlantic Blvd., North Providence, Rhode Island**

**What: *National Day of Action* to create a “HUMAN CHAIN
Against The CPI” to thank our Congressional
Delegation for their support.**

**Contact: *John A. Pernorio, President, RI ARA*
401-722-2770 • riarajap@hotmail.com**

On Tuesday July 2nd, the Rhode Island Alliance *for* Retired Americans along with the National Alliance *for* Retired Americans will sponsor a ***National Day of Action*** in which we focus specifically on elevating grassroots voices in the battle to protect and enhance retirement security. We will work together to create a **HUMAN CHAIN against the Chained CPI** in the **Salvatore Mancini Resource & Activity Center** to **THANK OUR CONGRESSIONAL DELEGATION FOR THEIR CONTINUED SUPPORT FOR OUR MEMBERS TO PROTECT AND PRESERVE SOCIAL SECURITY, MEDICARE & MEDICAID**

The National Alliance will host a media event in Washington, DC with a smaller chain to create powerful symbolism of what the States are doing, spotlighting the national day of action.



Senior health care crisis looms; report ranks states Health of Americans 65 and older: How states stack up?

Michelle Healy, USA TODAY

Rankings are based on 34 measures of senior health from government agencies and private research groups, ranging from physical activity levels and obesity to poverty and flu vaccinations: Analysis of key population indicators illustrates strengths, challenges for senior health on national and state levels...[Read More](#)

Immigrants are Helping Medicare's Solvency

Kaiser Health News, quoting a study in the journal *Health Affairs*, reported on Wednesday that immigrants contribute more to Medicare than they take out. Between 2002 and 2009, immigrants generated a cumulative surplus of \$115 billion for the trust fund, the study found. Most of the surplus contribution came from noncitizens. The immigrants created a net gain primarily because of demographics: There are 6.5 immigrants of working age for every one elderly immigrant, but only 4.7 working-age native citizens for every one retiree. That ratio could change in the future; however, the report notes that the Census Bureau projects that the share of immigrants in the U.S. will increase for the next 18 years.



Kaiser reports that the authors added personal views not often found in academic papers of this sort, writing, "...economic concerns — including the worry that immigrants are driving up US health care costs — have often dominated the debate over immigration. Our data offer a new perspective on these economic concerns." [Read the full Kaiser article](#)

SENIORS WARNED, THINK TWICE BEFORE SELLING PENSION

Mark Koba, CNBC



The practice of retirees selling their pensions for a lump sum has drawn U.S. regulators' attention, with two government watchdogs this month warning consumers about some of the firms that engage in the practice. "We're very concerned about the long-term detrimental effects of these pension sales," said Lori Schock, director of investor education at the Securities and Exchange Commission. [Read More](#)

One more reason not to shop at Walmart or Gap



Walmart, Gap Refuse to Sign Bangladesh Safety Pact

Following the [tragic building collapse](#) that killed more than 1,300 Bangladeshi garment workers and recent fires that [have claimed the lives of more than 400 Bangladeshi clothing workers](#), more than 40 clothing retailers have signed on to the [Accord on Building and Fire Safety](#). But two of the major retailers that count on low-wage Bangladeshi workers to make the clothes they sell have refused.

Today, Walmart and Gap announced they would develop their own nonbinding safety code and turned their backs on the accord developed by international and Bangladeshi unions, retailers and other groups—groups with firsthand knowledge of what's needed for worker safety and of the deadly consequences of inaction...[Read More](#)



Looking to the Past in Caring for Aging Americans in the Future

BY: **APRIL BROWN**

It's been nearly 50 years since President Lyndon Johnson signed the Older Americans Act (OAA) in the White House Rose Garden. Never heard of it? You're not alone. The legislation was written in response to concerns that there weren't enough social services to support our country's seniors.

"The Older Americans Act clearly affirms our Nation's sense of responsibility toward the well-being of all of our older citizens," President Johnson remarked at the bill signing on July 14, 1965... [Read More](#)

President Lyndon Johnson hands a pen from the signing of the Older Americans Act to an unknown woman on July 14, 1965. Photo by

FINDING THE RIGHT HOSPITAL

Richard Gunderman, The Atlantic

What's good for patient satisfaction may not be good for medicine. Awash in marketing, the key questions to consider when choosing a hospital.

Hospital marketing has reached a frenzy. It is nearly impossible to drive around metropolitan areas in the U.S. without being barraged by billboards trumpeting hospitals' cutting-edge technology, luxurious facilities, or the lives of patients they have saved. In many markets, more than one hospital claims a "Top 100," "Top 10," or even "#1" rating for the same type of service. Especially while recalling a day when such advertising would have seemed sordid, it's easy to feel bewildered... [Read More](#)



Analysts: Medicare costs may keep declining

Kelly Kennedy, USA TODAY

WASHINGTON — Innovations adopted and accelerated by the 2010 health care law will continue to force down overall Medicare costs, according to industry analysts and studies, even as the economy continues to improve.

Those changes include new payment plans, improved efficiency and a move toward consumer-driven insurance plans that started before the law's passage. They influenced the \$618 billion drop in projected Medicare and Medicaid spending over the next decade that was reported May 15 by the Congressional Budget Office.

That report showed that costs for the two programs in 2012 were 5% less than projected in early 2010, and the CBO data are expected to foreshadow the spending projections in the annual Medicare trustees report scheduled to be released this week.... [Read More](#)



AMERICA'S INVISIBLE POOR

POVERTY HAS BECOME AN INVISIBLE ISSUE FOR POLITICIANS AND THE PRESS

BY DAN GLICKMAN, former Secretary of Agriculture

It has been nearly half a century since President Lyndon Johnson declared "war on poverty." That war produced great successes, and many of its initiatives have been profoundly effective – the Supplemental Nutrition Assistance Program (food stamps), Head Start, Medicaid, the Women, Infants, and Children nutrition program, school breakfast programs, and federal aid for poor schools and students... [Read More](#)

