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RI ARA

*“Fighting for the future of our members,
NOW, more than ever!!!!”*

Affiliated with the Rhode Island AFL-CIO

March 11, 2013 E-Newsletter



Alliance, AFGE, Acting SSA Commissioner Detail Sequester Effect on Social Security

Alliance President **Barbara J. Easterling** co-authored an op-ed in *Huffington Post* last week with **Witold Skwierczynski**, President of the American Federation of Government Employees National Council of Social Security Administration (SSA) Field Operations Locals, on the impact of the sequester on the SSA. The Locals represent about 25,000 Social Security employees in

field offices and telephone centers nationwide. “Two straight years of budget cuts and hiring freezes have crippled Social Security’s ability to handle dramatic workload increases, and the additional cuts required under sequestration will cause further erosion,” the two stress. “Office hours nationwide have been slashed by 23 percent, which has had a detrimental effect on processing new claims. In most offices, citizens have to wait more than 30 days to get an in-person meeting or telephone interview

to file benefit applications or complete appeal requests. The odds of getting a busy signal when calling the toll-free number have tripled in the past six months alone, with 16 percent of citizens unable to reach even the automated menu when they call.” To see the whole piece, go to <http://tinyurl.com/cltleoe>. To see a letter from Acting Social Security Administration Commissioner Carolyn W. Colvin detailing what the cuts would mean – including longer waits and shorter hours - go to <http://tinyurl.com/cxy28oo>.

An article in *The Los Angeles Times* recently specified the ways in which the sequester would seriously affect health care. According to the article, “Although the Medicare program will account for the largest chunk of dollars cut from health care simply because of its great size, the scheduled 2% reduction in its payments to doctors and hospitals is significantly smaller than what many public health and research programs face.” To read more, go to <http://tinyurl.com/buqpr3y>.

Terry Lochhead

On March 29, 2013 the New England States will lose a hard working ARA advocate, Terry Lochhead, ARA Senior Field Organizer, New England Region to retirement.

Terry has been there for all the New England state presidents. She has traveled to each state to lend a hand in what ever that state chapter needed.

When RI ARA handed out our Social Security, Medicare and Medicaid Hero Awards, Terry came down from New Hampshire twice to help RI State President, John A. Pernorio by serving cake, passing out raffle tickets and greeting seniors.

On behalf of the RI ARA Executive Board and member organizations,

**THANK YOU TERRY FOR
ALL YOUR HELP
& HARD WORK
ENJOY YOUR RETIREMENT**

Senator Bernie Sanders Reintroduces

“Keeping Our Social Security Promises” Act

Sen. **Bernie Sanders** (I-VT) has reintroduced S. 500, the “Keeping Our Social Security Promises Act” in the Senate. Rep. **Peter DeFazio** (D-OR) introduced a companion bill in the House of Representatives, H.R. 1029. This legislation would require those making incomes over \$250,000 to contribute their fair share to Social Security. Currently, Americans who make over \$113,700 do not have to pay Social Security payroll contributions on any income exceeding that amount. The result is that ordinary Americans pay a much larger share of their incomes into Social Security than the wealthiest Americans do. Rectifying this unequal pay rate will strengthen Social Security by ensuring its solvency for the next 50 years – all without cutting Social Security benefits.

“The Alliance strongly endorses this important legislation,” said **Edward F. Coyle**, the Alliance’s Executive Director. “At a time when far too many are trying to weaken Social Security by pushing misguided benefit cuts, it is encouraging to see lawmakers introduce a bill that instead takes the positive step of increasing contributions into Social Security so that the program will be sure to remain strong for our children and grandchildren.” To see the Alliance letter supporting the legislation, go to <http://tinyurl.com/bqekpep>.

The Chained CPI Cutting Your Social Security

Social Security's cost-of-living adjustments (COLA) to monthly benefits are designed to help retirees keep up with the rising living standards and costs. COLAs currently are tied to the Consumer Price Index for Urban Wage Earners (CPI-W), which surveys price changes in the average set of goods purchased by urban wage earners and clerical workers.

The CPI-W formula does not protect seniors' purchasing power because it fails to account for the fact that seniors spend two to three times as much of their budget on medical care than younger households. Yet, many in Congress are seriously considering cutting your Social Security benefits by now tying the COLA to the Chained CPI (C-CPI-U), a smaller measure of inflation. While many will describe this change as simply technical, **it is a change that would result in big, lifetime losses in benefits for the average Social Security beneficiary.**

Why is the Chained CPI bad for seniors?

According to the Social Security Actuary, **moving to a chained CPI would mean an immediate benefit cut.** According to Social Security Works, an average earner retiring in 2011 at age 65 would lose over \$6,000 over 15 years if the chained CPI were adopted. The chained CPI assumes that a lower COLA is acceptable because consumers substitute cheaper products when prices go up. Health care costs, however, consume a large amount of seniors' income. These costs cannot simply be substituted with a cheaper version. A senior cannot just substitute triple bypass surgery with a double because it's cheaper. **The chained CPI ignores this reality and instead tries to balance the budget on the backs of our nation's seniors.**

It's an immediate Social Security benefit cut! It's not just a simple technical change without any impact – it's a real cut to the benefits you have earned every year into the future.

It hits today's Social Security beneficiaries! Politicians like to say their cuts to Social Security will not affect those getting benefits today. Wrong! Switching to the chained CPI would hit all current beneficiaries now!

We need a higher COLA – not a lower one! The current COLA is not enough – it does not accurately account for large health care cost increase faced by seniors and people with disabilities.

Viral Video Shows the Shocking Reality of Wealth Inequality in the United States

A web video that demonstrates the extent of wealth inequality in the United States went viral this week, as sequester cuts began to take effect. The video, uploaded by an anonymous YouTube member last December, has been viewed nearly four million times. The narrator presents a series of charts that illustrate wealth inequality. Viewers learn that the top 1% of Americans control 40% of the country's wealth, while the bottom 80% has only 7% of the wealth. The narrator explains that when Americans are surveyed, they believe that the wealth distribution is far more equal than it actually is, but 92% still want an even more equal distribution. Go to <http://tinyurl.com/cpn2oe3> to see the video. The *Mother Jones* article the video was based on is at <http://tinyurl.com/c5z46cd>.

“This video illustrates why the sequester is a bad idea,” said **Ruben Burks**, Secretary-Treasurer of the Alliance. “The sequester is forcing cuts to many vital programs for the needy, including Meals on Wheels for impoverished seniors. If House Republican Budget Committee Chair **Paul Ryan** gets his way and Medicare and Social Security are cut instead of raising taxes on the top 1%, ordinary Americans would wind up with an even smaller share of the country's wealth.”

Health Insurers Launch Ad Campaign over Medicare Advantage Cuts

The health insurance industry is escalating its lobbying battle against a proposed Medicare Advantage pay cut to insurers by launching a television and online advertising campaign to garner public support among the program's 14 million beneficiaries. According to Reuters, America's Health Insurance Plans (AHIP), a leading Washington-based trade group, said a 30-second commercial titled "Too Much" would be shown in a dozen states and the Washington, D.C., area in hopes of dissuading the **Obama** administration from imposing a 2.3 percent cut in government payments next year. The ad buy was launched on Wednesday on cable TV in the Washington, D.C., area. Ads with state-specific Medicare Advantage enrollment numbers will also air in New York, Louisiana and Pennsylvania, where the plans are popular.

“The cuts are justified,” said Mr. Coyle. “We had been bestowing government subsidies on insurance companies for too long, and we cannot afford to do that anymore.”

Poverty, With & Without Social Security

Percentage of S. S. recipients age 65+ living in poverty,
compared with who would live in poverty without benefits

	% With	% Without		% With	% Without
Ala.	9.1	4.9	Mo.	6.9	47.3
Alaska	10.4	36.8	Mont.	7.8	50.1
Ariz.	9.1	41.7	Neb.	6.6	42.1
Ark.	9.1	55	Nev.	9.4	42.3
Calif.	8.5	37.8	N. H.	6.5	45.1
Colo.	7.2	36.9	N. J.	7.8	39.4
Conn.	6.2	37.6	N. M.	10.4	42.1
D. C.	15.6	34.9	N. Y.	10.9	42.8
Del.	7.7	38.8	N. C.	10	50.9
Fla.	8.9	45.8	N. D.	8.7	42.1
Ga.	11.9	52.8	Ohio	8.1	48.3
Hawaii	8.2	33.6	Okla.	7.2	46.1
Idaho	8.5	46.8	Ore.	7	40.8
Ill.	7.5	44.2	PA.	9.1	47.4
Ind.	8	44.2	R. I.	8.3	47.9
Iowa	5.6	47.3	S.C.	11.4	51.9
Kan.	6.7	46.9	S.D.	7.3	42.8
Ky.	9.2	51.4	Tenn.	11.5	54.8
La.	15	50.3	Texas	10.7	41.4
Maine	8	47.4	Utah	7.3	42.1
Md.	8.2	35.6	Vt.	8.5	49.1
Mass.	7.4	40.7	Va.	9.5	37.8
Mich.	7.4	47.6	Wash.	6.7	40
Minn.	6.9	45.2	W. Va.	9	51.8
Miss.	12.5	54.8	Wis.	5.1	42.6
			Wyo.	6.6	41.2

Source: Center on Budget & Policy Priorities
2011 Poverty thresholds were \$10,788 for seniors
Individuals: \$13,596 for couples