

113TH CONGRESS  
1ST SESSION

# S. CON. RES. 15

Expressing the sense of Congress that the Chained Consumer Price Index should not be used to calculate cost-of-living adjustments for Social Security or veterans benefits, or to increase the tax burden on low- and middle-income taxpayers.

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IN THE SENATE OF THE UNITED STATES

APRIL 24, 2013

Mr. HARKIN (for himself, Mr. WHITEHOUSE, Mr. SANDERS, Ms. WARREN, Ms. MIKULSKI, Mr. BROWN, Mr. LAUTENBERG, Mr. FRANKEN, Mrs. GILLIBRAND, Ms. HIRONO, Mrs. HAGAN, Mr. SCHATZ, Mr. MERKLEY, Mr. REED, and Mr. BEGICH) submitted the following concurrent resolution; which was referred to the Committee on Finance

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## CONCURRENT RESOLUTION

Expressing the sense of Congress that the Chained Consumer Price Index should not be used to calculate cost-of-living adjustments for Social Security or veterans benefits, or to increase the tax burden on low- and middle-income taxpayers.

Whereas the Social Security program was established more than 77 years before the date of agreement to this resolution and has provided economic security to generations of Americans through benefits earned based on contributions made over the lifetime of the worker;

Whereas the Social Security program continues to provide modest benefits, averaging approximately \$1,156 per

month, to more than 57,000,000 individuals, including 37,000,000 retired workers in March 2013;

Whereas the Social Security program has no borrowing authority, has accumulated assets of \$2,700,000,000,000, and, therefore, does not contribute to the Federal budget deficit;

Whereas the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund projects that the Trust Fund can pay full benefits through 2032;

Whereas the Social Security program is designed to ensure that benefits keep pace with inflation through cost-of-living adjustments (referred to in this preamble as “COLAs”) that are based upon the measured changes in prices of goods and services purchased by consumers that is currently published by the Bureau of Labor Statistics as the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI–W);

Whereas the Bureau of Labor Statistics publishes a supplemental measure of inflation, the Chained Consumer Price Index for all Urban Consumers (C–CPI–U), or “Chained CPI”, which adjusts for projected changes in consumer behavior resulting from price fluctuations known as the “substitution effect”;

Whereas the substitution effect occurs when consumers buy more goods and services with prices that are rising slower than average and fewer goods and services with prices that are rising faster than average;

Whereas studies indicate that typical Social Security beneficiaries spend a significantly higher percentage of their budget than other consumers on health care, health care prices have increased at higher than average rates, and

consumers, including seniors, may not be able to substitute health care easily;

Whereas the current COLAs, based on the CPI–W, fail to reflect that Social Security beneficiaries spend more of their income proportionally on expenses such as health care as compared to a regular wage earner, and therefore underestimate increases in the cost of living of Social Security beneficiaries;

Whereas the Congressional Budget Office has estimated that using the Chained CPI to calculate Social Security COLAs would reduce Social Security benefits by 0.25 percent per year, resulting in a reduction in outlays of \$127,000,000,000 over the first decade;

Whereas reductions in Social Security benefits from using the Chained CPI to calculate Social Security COLAs would continue to compound over time, and the AARP Public Policy Institute estimates that the reductions would grow to 3 percent after 10 years and 8.5 percent after 30 years;

Whereas Social Security Works estimates that using the Chained CPI to calculate Social Security COLAs would reduce annual Social Security benefits of the average earner by \$658 at age 75, \$1,147 at age 85, and \$1,622 at age 95;

Whereas reductions in Social Security benefits would harm some of the most vulnerable populations in the United States;

Whereas adopting the Chained CPI would cause tax brackets and the standard deduction to rise more slowly, disproportionately raising the tax burden on low- and middle-income taxpayers;

Whereas the Department of Veterans Affairs provides more than 3,200,000 veterans with disability compensation benefits as a result of injuries or illnesses sustained during, or as a result of, military service;

Whereas Social Security Works estimates that using the Chained CPI to calculate veterans disability COLAs would reduce benefits for 100-percent-disabled veterans who started receiving benefits at age 30 by \$1,425 at age 45, \$2,341 at age 55, and \$3,231 at age 65; and

Whereas adopting the Chained CPI would also cut the benefits of more than 350,000 surviving spouses and children who have lost a loved one in battle by cutting Dependency Indemnity Compensation benefits that average less than \$17,000 per year: Now, therefore, be it

- 1       *Resolved by the Senate (the House of Representatives*
- 2 *concurring)*, That it is the sense of Congress that the
- 3 Chained Consumer Price Index should not be used—
- 4           (1) to calculate cost of living adjustments for
- 5       Social Security benefits or benefits for disabled vet-
- 6       erans and their survivors; or
- 7           (2) to increase the tax burden on low- and mid-
- 8       dle-income taxpayers.

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