

Ranking Member Xavier Becerra Opening Statement at Social Security Subcommittee Hearing on the Findings in the 2011 Annual Report of the Social Security Board of Trustees

June 3, 2011

The Trustee's 2011 Report shows that Social Security is once again the reliable workhorse in our economy. Social Security has weathered 13 recessions over the last 75 years and never once failed to pay on time and in full every retiree, widow, child or disabled worker the benefits they earned. Even through the Bush recession – the worst economic upheaval since the Great Depression, where 8 million Americans lost their jobs and 6.7 million lost their homes – Social Security's surplus continued to grow.

The Bush recession has hit American families hard. From June 2007 to the beginning of 2009, it stripped Americans a total of \$19.4 trillion in household wealth. Put that in perspective: the Bush recession by itself took from Americans enough wealth to wash away the nation's entire debt and still leave America with a \$5.2 trillion surplus. The average family saw its wealth – the value of their home, retirement and other savings, and investments – drop by \$40,900 – more than 25 percent of their total net worth. Overall, the value of homes has fallen about \$7 trillion since 2006 – taking home equity back to where it was 40 to 50 years ago. For families who owned stock, they saw their portfolios drop by more than a third.

In contrast, Social Security remains strong and the surplus is real. Social Security and seniors didn't cause the current deficit. Indeed, Social Security has never added a single cent to the national debt. The Trust Fund's income from tax revenues and interest on the U.S. Treasury bonds it owns is more than what is being paid out in benefits. So Social Security will run a surplus of \$69 billion in 2011. At the end of 2011, the Social Security Trust Fund will hold \$2.7 trillion in U.S. Treasury bonds, and the Trustees project that the balance will continue to grow until 2022, when it reaches \$3.7 trillion. In addition to payroll contributions, the Trust Fund earns interest on the Treasury bonds purchased with workers' contributions. Over its lifetime, Social Security has so far collected \$15.5 trillion and paid out a total of \$12.8 trillion in benefits and administrative costs. Do the math. Americans have built up a two and a half trillion dollar surplus in their Trust Fund.

The Treasury bonds held by the Trust Fund are real and just like all the other bonds Treasury has issued over the years. American workers know that their Social Security contributions are real – they see the amount deducted from their paycheck every week.

In the long-term, about a quarter century, Social Security does face a shortfall. But this is a manageable challenge. The Trustees' Report looks at Social Security's solvency 75 years into the future. This gives Congress the ability to carefully consider how best to improve and strengthen Social Security for future generations. The cost of Social Security's shortfall, which begins around 2036, would be reduced, for example, by allowing the Bush tax cuts for the wealthiest two percent of Americans to expire.

For so many seniors across our country, whether they live in rural, urban or suburban America, Social Security is essential to a life of dignity. Six out of 10 seniors depend on Social Security benefits – which only average about \$14,000 a year – for more than half of their income. Without Social Security, almost half of seniors – 45.2 percent – would be living in poverty. In addition, Social Security lifts 1.1 million children out of poverty.

Mr. Chairman, I appreciate that we are holding this hearing on Social Security's long-term outlook. However, as you know, the Social Security Administration has a more immediate need, which is to ensure that it can get beneficiaries their Social Security benefits today. I know that you and I both believe that it is essential that the Social Security Administration provide today's seniors with the benefits they have earned. Therefore, I would request that we also hold a hearing on the Social Security Administration's operating budget, so that we can ensure that it can continue providing essential services to today's beneficiaries, such as processing benefit applications on time and accurately, processing disability applications and appeals without lengthy waiting times, and answering calls and addressing problems for current and future beneficiaries.

We have worked in a bipartisan way in the past to make sure the Social Security Administration can do its job right – most recently when we provided \$500 million in the American Recovery and Reinvestment Act to reduce disability backlogs. Let's not undo that type of success.