

Subcommittees on Oversight and Social Security Hearing on the Accuracy of Payments Made by the Social Security Administration

June 14, 2011

Social Security is a sacred compact between Americans of all generations. It ensures that millions of retirees, disabled workers and children can live a life of dignity.

This year, 155 million workers will contribute more than \$690 billion in taxes to Social Security, and nearly 56 million Americans will collect their earned Social Security benefits. Social Security has never once failed to pay earned benefits on time and in full – even through 13 recessions, including the Bush recession.

That's a track record that most would die for, and it's the reason Social Security has the support and trust of the American people.

Some of my colleagues have suggested that Americans' hard-earned tax contributions to Social Security are "not real" and that Social Security is broke. That suggests a fundamental misunderstanding or misrepresentation of Social Security. My Republican colleagues on this Subcommittee recently claimed that the treasury bonds that Americans own through the Social Security Trust Fund are not real. My friend from Texas, Rep. Brady, stated that the bonds in the Trust Fund are "different" from the bonds sold to a firm or to China. Does this mean that my colleagues would rather pay a foreign government or a corporation on an outstanding U.S. bond before honoring the bonds held by the Social Security Trust Fund on behalf of America's workers?

The U.S. Treasury bonds in Social Security's Trust Fund are real, and the Trust Fund is \$2.7 trillion strong. Yet some insist on misleading the public about it to support their proposals to cut

guaranteed benefits and take trillions of dollars out of the Trust Fund for private accounts.

Just over a week ago, Republican leaders introduced legislation that would divert trillions of dollars from the Social Security Trust Fund into private accounts. By taking money out of Social Security's Trust Fund, this unnecessarily risky scheme would put current seniors at risk of not receiving the benefits they earned. Future retirees would give up Social Security's priceless disability and survivor insurance, and their earned retirement benefits would be cut by 80 percent in exchange for a private account subject to the whims of Wall Street. In addition, the conservative Republican Study Committee, which represents about three-fourths of House Republicans, recently proposed to cut Social Security benefits for a typical retiree by \$3,400 a year.

I dare anyone of my colleagues to find a better all-in-one retirement, disability and life insurance plan in the private market.

Mr. Chairman, the most immediate dangers to Social Security are reckless cuts to its operating budget that put at risk its ability to deliver earned benefits on time and in the right amount. Mr. Chairman, we need to hold an oversight hearing on Social Security's budget; it is long overdue. The nearly one billion dollar cut to Social Security's already lean, but efficient, operating budget cuts into the bone. Social Security's costs of operation are already less than one percent of its total budget. Today's hearing should really be about examining the reckless and indiscriminate cuts imposed on Social Security's operations which, the evidence shows, could lead to less precision and efficiency in processing claims and benefits for seniors and the disabled.

Today's hearing topic – preventing improper payments to safeguard the Social Security Trust Fund – is important, but my colleagues seem to be ignoring the elephant in the room – you get what you pay for. And the current budget driven by Republicans in the House does not fully pay for the Social Security Administration's efforts to prevent errors.

The Social Security Administration already has a very low overpayment rate – three tenths of one percent for Social Security and about 8 percent for the more complex Supplemental Security Income program. In 2009, the Social Security Administration saved \$12.50 for every dollar it invested in continuing disability reviews – which prevent payments to people who are no longer eligible for benefits. Social Security's Chief Actuary estimates that if Congress simply funded the Social Security Administration's modest increase in the program integrity initiative for Fiscal Years 2011 through 2015, the American taxpayers and the Social Security Trust Fund

would save \$58 billion.

But the Republican budget for Fiscal Year 2011 froze Social Security's funding for program integrity. And the House Republican Fiscal Year 2012 budget resolution would cut the Social Security Administration's operating budget, which includes their program integrity initiative, by \$10 billion over the next decade. Penny wise, pound foolish.

These budget cuts, like privatization schemes, put Social Security's Trust Fund and the tax contributions of millions of current and future beneficiaries in jeopardy. These proposals undermine Social Security's ability to pay today's beneficiaries on time and in the right amount. They also handcuff Social Security in its efforts to protect the Trust Fund and Americans' contributions by detecting and preventing overpayments – the stated purpose of today's hearing.

Mr. Chairman, let me, once again, publicly request that this Committee on Ways and Means, through its subcommittee of jurisdiction, perform its constitutional duty of oversight over the budget of Social Security. Rather than just nibble around the edges, let's let the sun shine on every aspect of Social Security's budget so that all Americans can witness for themselves what's going on with Social Security's funding.

Mr. Chairman, thank you and I yield back my time.