

## HEARING ON SOCIAL SECURITY'S FINANCES

June 23, 2011

(Remarks as Prepared)

In any discussion of the successes and challenges for Social Security, the \$2.6 trillion American workers have built up in the Social Security Trust Fund to date cannot be ignored. I'm concerned that in describing Social Security's finances, the Majority today has disregarded the true value and the \$117.5 billion in interest earned by the U.S. Treasury bonds in Social Security's Trust Fund in 2010 alone.

This is part of a disturbing pattern my colleagues on the other side have established in which they seem to dismiss the tax contributions hard working Americans have deposited into the Trust Fund. Over the last 75 years, Americans have contributed and earned interest totaling \$14.6 trillion for Social Security, and Social Security has paid out a total of \$12 trillion in benefits and administrative costs. Americans have built up a \$2.6 trillion dollar surplus in their Trust Fund. American workers know that their Social Security contributions are real – they see the amount deducted from their paycheck every week. My friend from Texas calls these Treasury Bonds, which were purchased with worker contributions, "pieces of paper." I call them "the safest investment money can buy."

The Treasury bonds held by the Trust Fund are real and just like all the other bonds Treasury has issued over the years. All are backed by the full faith and credit of the United States. U.S. Treasury bonds are the safest and most sought-after bonds in the world.

I'm concerned with the impact that the benefit cuts to Social Security that Republican leaders have proposed will have on seniors and beneficiaries. Social Security benefits are very modest,

and most seniors have limited incomes. The average benefit for a retiree is \$14,000 a year. Among senior households, the median income is only about \$24,000 a year. One out of every three beneficiaries depends on Social Security to provide virtually all of their income. Less than half of seniors have a pension or savings plan from work. Only the wealthiest fifth of seniors have any significant income from assets. Keep in mind that during the 2008 financial collapse, IRAs and 401(k)s lost 32 percent of their value.

The benefit cuts Republicans have put on the table this year would have devastating consequences for today's seniors and for the 155 million future beneficiaries who are paying in to Social Security today.

Last week, Senator Kay Bailey Hutchison introduced a bill that would wipe out the COLA this year – the third year that seniors would receive no increase in their checks – and cut it by more than a third in all future years. Her bill would also cut benefits for future retirees by raising the retirement age – an annual benefit cut of \$2,000-\$2,700 for a middle-income worker.

Rep. Pete Sessions, together with some of his colleagues in the House Republican leadership, recently introduced a bill that would drain money from the Social Security Trust Fund by diverting money into private accounts. This privatization bill creates a real risk that too much money will be diverted from the Trust Fund, preventing current Social Security beneficiaries from receiving the benefits they earned. It also eliminates benefits for younger workers with accounts, and bars them from receiving any disability or survivor benefits.

The Chairman of the House Budget Committee has a plan to privatize Social Security, raise the retirement age, and cut benefits for the middle class, and House Republicans recently voted to create a special "fast-track" process for Social Security cuts.

Mr. Chairman, I am ready and willing to have a comprehensive discussion on all of the options available to us to strengthen Social Security. However, we cannot forget that 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. We owe it to them and to our children, to have an open and thoughtful conversation about the future of their Social Security.

