

Opening Statement of Social Security Subcommittee

Ranking Member Xavier Becerra

Social Security Subcommittee Hearing on Annual Social Security Trustees Report

Committee on Ways and Means

June 21, 2012

(Remarks as Prepared)

Mr. Chairman, thank you for holding this hearing on the annual Social Security Trustees Report, which was released in April.

Social Security is strong, even after the worst recession since the Great Depression. Between 2007 and 2010, a typical middle-class American family lost between \$26,000 and \$87,000 in net worth – about 40 percent of their assets and savings. Between 2007 and 2010, Social Security added \$439 billion to its Trust Fund surplus, while paying Americans their earned benefits on time and in full.

Over 77 years and now through 13 recessions, Social Security has not added one penny to our deficit or our debt.

In 2011, Social Security provided earned benefits to more than 55 million seniors, widows, disabled workers, and children – while saving all the reserves in its Trust Fund to pay future benefits. 6 out of 10 of those seniors relied on Social Security for the majority of their income. 1.3 million children were lifted out of poverty by Social Security.

In the long term, Social Security faces a manageable challenge. It is not now and never will be “broke.”

This April, Social Security’s Trustees warned us that without action, Social Security will be insolvent in 2033.

Let’s be clear about what that means.

In 2033, worker contributions are projected to cover just over 76 percent of Social Security’s costs. The remaining balance in Social Security’s Trust Fund will pay another 5 percent of costs.

By law, Social Security cannot deficit-spend, so that means if Congress doesn’t act to broaden Social Security’s income base or make other changes, in 2033, Social Security will only have enough money to pay Americans 81 percent of the benefits they’ve earned.

The shortfall is stable. After 2033, Social Security’s income will be enough to pay about three-fourths of earned benefits until at least 2087, and likely long after that.

Social Security’s long-term shortfall is a problem, one we need to address. But even when the reserves we’re building up now run out, Social Security will not be “out of money.” It will have a shortfall of about 0.9 percent of GDP – just slightly more than the cost of extending the Bush tax cuts for people who earn more than a quarter of a million dollars a year.

Social Security does face a crisis in the short term – one manufactured by a series of budget

cuts forced by House Republicans. If they continue, the cuts could delay benefits and damage Social Security's well-earned public image.

In 2011, the Republican-led Full-Year Continuing Resolution cut the Social Security Administration's budget by \$600 million, despite rising numbers of Americans applying for Social Security. In 2012, SSA's budget was frozen below the 2010 level.

I strongly opposed these budget cuts, which are kind of like the cable company starting to bill you for service while you're at home waiting for them to show up and connect it. Social Security's Trust Fund funds the entire cost of paying Social Security benefits. In 2011, workers contributed over \$600 billion to Social Security's Trust Fund.

Because of Social Security budget cuts, in 2011:

All Social Security field offices started closing half an hour early each day, providing 2 ½ less hours of in-person and phone access a week. 39 Social Security offices lost more than a quarter of their staff in 2011.

SSA permanently closed over 300 contact stations and small field offices, forcing Americans to travel farther and wait longer for service.

The state Disability Determination Services offices lost more than 10 percent of their staff. Waiting times for initial disability decisions rose, and are likely to be over 130 days by the end of 2012.

After several years of declines, the number of Americans waiting for an appeals hearing grew to over 800,000, but SSA had to cancel the opening of 8 new hearing offices intended to reduce the backlog.

Busy rates on SSA's 1-800 number increased and are projected to double by the end of 2012.

The average caller who gets through waits 5 minutes, but SSA had to cancel the opening of a new teleservice center.

Now SSA faces an even bigger cut -- "sequestration," the automatic cuts scheduled by the Budget Control act. Although Social Security benefits are protected, if Congress doesn't act soon, on January 2nd, SSA's operating budget will be cut by over a billion dollars. A billion dollar cut translates into 40 days in which Social Security is shut down -- offices are closed and locked, no one answers the phone, no one processes benefit applications, and no one makes sure benefit checks are sent to the right place.

Mr. Chairman, Social Security has been there for Americans for 77 years. I hope we can work together to make it strong for 77 more years, starting by addressing the preventable crisis of short-sighted budget cuts.