

TESTIMONY
ROBERT ROACH, JR.
PRESIDENT OF THE ALLIANCE FOR RETIRED AMERICANS
UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON WAYS AND MEANS SUBCOMMITTEE ON SOCIAL
SECURITY

HEARING TOPIC: THE SOCIAL SECURITY ADMINISTRATION'S ROLE IN
COMBATING IDENTITY FRAUD

May 24, 2023

ALLIANCE FOR RETIRED AMERICANS
815 16TH STREET, NW
WASHINGTON, DC 20006
www.retiredamericans.org

Good afternoon. I am Robert Roach, President of the Alliance for Retired Americans. On behalf of the Alliance, I would like to thank Subcommittee Chairman Ferguson and Ranking Member Larson and the distinguished members of this committee for the opportunity to testify and participate in today's important hearing on the topic of the Social Security Administration's role in preventing identity theft.

Founded in 2001, the Alliance is a grassroots organization representing more than 4.4 million retirees and seniors nationwide. The Alliance and its 39 state chapters work to advance public policy that strengthens the health and retirement security of older Americans.

For decades, Social Security has delivered guaranteed benefits on time and without interruption to millions of Americans. Americans work hard to earn their Social Security benefits, and they contribute to the system with every paycheck. These benefits are essential to all who rely on them, including seniors, people with disabilities and families of deceased workers.

Today nearly 66 million Americans – one out of every five households – relies on Social Security's lifetime, guaranteed benefits. The Alliance strongly believes that to continue to provide retirement security for current and future generations, it is necessary to strengthen and expand Social Security to augment the program's solvency and increase its benefits. Poll after poll clearly demonstrates that 8 in 10 Americans overwhelmingly not only want Social Security's solvency preserved but want program benefits enhanced.

Members of the Alliance and Americans nationwide are concerned about the threat of identity theft. As part of celebrating May as Older Americans Month, the Alliance held a Retiree Town Hall with SSA Acting Commissioner Kilolo Kijakazi last week. During the event, she specifically addressed the issues of fraud and identity theft and the efforts SSA is making to combat them.

In response to an Alliance member's question regarding identity theft and what the SSA is doing to prevent and address it, she replied that "on the Social Security website there is a link prominently displayed right at the top of the site which describes in detailed fashion how to avoid being the victim of a scam and how to avoid a scam." We applaud SSA's efforts to increase public awareness of fraud and identity theft. And certainly, SSA is not exclusively responsible for protecting Americans from identity theft. Although it plays an important role, many other federal agencies as well as the private sector can do much to educate and protect Americans from fraud and identity theft, especially older Americans

If the Social Security Administration, however, which is already short staffed, was forced to cut its budget by 22%, as prescribed in the Republican passed debt ceiling bill, H.R. 2811, the "Limit, Save, Grow Act," the Agency's work to protect Americans from Social Security number

identity theft and other fraud would be hampered. Moreover, the drastic funding cuts in the bill, which would lead to agency staff cuts in its wake, would also:

- Force the Social Security Administration to close or reduce field office hours and reduce access to in-person services;
- Force seniors to endure longer wait times when they call for assistance for both Social Security and Medicare because of Social Security field office closures and the reduced hours they are open to the public;
- Further increase the wait time by an additional two months for people applying for Social Security disability benefits.

From the Alliance's perspective, we believe that instead of shrinking the Social Security Administration's critical funding, Congress needs to strengthen the Social Security system. One way is to secure necessary funding to administer the program. After all, administrative expenses come from the Social Security Trust Fund, paid for by workers and employers. There needs to be a mechanism in place so that SSA's administrative funding is predictable year over year, especially at the time when 10,000 Americans turn 65 each year.

Further, Congress needs to strengthen the Social Security system by passing legislation, such as Ranking Member Larson's soon to be introduced Social Security 2100 Act, that, among other critical items:

- Increases Social Security benefits;
- Extends the solvency of the Social Security Trust Fund;
- Provides assistance to caregivers;
- Repeals the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO).

We believe the practical and fair way to accomplish this is to lift the cap on Social Security payroll taxes above the current \$160,200 and require wealthy Americans to pay their fair share of taxes into the system. Certainly, a person earning a middle class income in America ends up paying a much higher percentage of their income into the system than a wealthy person does. That said, we believe it is evident that lifting the payroll cap would also return increased fairness to the program itself.

I have seen examples for myself firsthand of the need to increase Social Security's benefits. I have observed on many occasions seniors at the supermarket checkout who had to leave food at the checkout line because the grocery bill was more than they had. This has become a family issue because children are increasingly helping their parents because their parents are not financially secure or self sustaining.

Seniors are having to make decisions between food and medicine on a daily basis. These are just a few of the many examples that clearly underline our country's desperate need to expand Social Security benefits.

I think everyone here would agree that the importance of Social Security cannot be overstated. The decline of traditional pension plans and decades of stagnant or declining real wages have made it harder for individuals to save for retirement. Social Security has become a larger part of Americans' retirement income. The U.S. Labor Department's Representative for Pensions and Retirement says that almost two-thirds of retiree beneficiaries' receive 50% or more of their total income from monthly Social Security checks, and one-third of elderly beneficiaries count on Social Security to provide 90% or more of their income.

Moreover, Social Security benefits are insufficient, as evidenced by the average monthly Social Security benefit for a retired worker, which is a modest \$1,833. One primary reason for this is because the Social Security cost-of-living adjustment is inadequate and not representative of the true measure of inflation that seniors pay for what they buy. To correct this, the Alliance supports adopting the Consumer Price Index for the Elderly (CPI-E) so that COLAs more accurately measure the spending patterns of seniors.

Another item of critical importance to the Alliance is that of the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO), which we believe need to be repealed. The WEP affects nearly two million public sector retirees with public pensions, while the GPO reduces by two-thirds the spousal or survivor benefits of nearly 800,000 retirees who collect a public pension. These are outdated provisions that deprive educators and other public employees of the benefits that they have earned and the secure retirement they deserve. Additionally, eliminating the WEP and GPO would also serve as a tremendous financial boost not only to seniors but for the United States' economy overall, given that spending by seniors supports tens of millions of jobs and contributes trillions of dollars annually to the nation's economy.

Social Security is also extraordinarily important to the financial security of women. Women, who on average live longer than men, also incur increased financial risk that they may outlive their savings. Moreover, women are slightly less likely to have an employer-provided pension than men, and even those who do have pensions, oftentimes receive smaller amounts than those received by men. Beyond a doubt, women benefit enormously from Social Security's life long benefits and yearly adjustments for increases in inflation.

The program is also integral for Americans with disabilities. The Old-Age, Survivors, and Disability Insurance Trust Fund (OASDI) provides assistance to nearly 9 million disabled workers and their family members. Disability Insurance (DI) provided through Social Security is

the largest government sponsored income support program for Americans who are disabled, as it provides monthly cash benefits to workers who sustain severe, long-term disabilities. Disability Insurance benefits serve as the main or sole source of income for about 80% of program beneficiaries, while approximately one in three does not have any other source of income.

A majority of African American retirees rely on Social Security benefits for 90% or more of their income. Because African Americans oftentimes have lower earnings and less pension coverage than Whites, Social Security benefits become an integral part of their retirement income. The importance of Social Security to African Americans is even more salient given the higher poverty rates for Black Americans, as the program prevents Black Americans from falling into poverty after retirement.

Similarly, for the Hispanic population, whose workers are often concentrated in lower-wage jobs that frequently lack pension coverage, Social Security benefits are of critical importance. Statistically, the Hispanic population often experiences high rates of poverty and underemployment, and consequently has less of an ability to save and invest for their retirement, leading many to depend almost exclusively on Social Security for their retirement income.

Alliance members are frustrated that instead of enacting common sense changes that will help older Americans, many members of Congress are pushing drastic changes that threaten Social Security and the benefits that Americans of all ages have earned. These include raising the full retirement age, partially or fully privatizing the program, or creating special commissions or panels to make decisions that adversely affect Social Security and its beneficiaries without the benefit of public input. The Alliance for Retired Americans strongly opposes any and all attempts to reduce Social Security benefits or enact proposals that will lead to the reduction of Social Security benefits. A number of examples of proposals currently under consideration include:

Raising the Retirement Age

One frequently discussed change to Social Security is increasing the age at which beneficiaries can claim the “full” retirement benefits they have earned. The last change was made in 1983 when the 98th Congress voted to raise the full retirement age from 65 to the current age of 67 for people born in 1960 or later. This increase in age has happened over time.

Another increase in the full retirement age to 70 will result in a lifetime benefit cut for all Americans. Proponents of a higher retirement age assert that this is needed because “Americans are living longer.” However, the demographic facts are otherwise. The Centers for Disease Control reported last August that life expectancy in the U.S. declined in both 2020 and 2021. Americans with lower-incomes do not live as long as those with high incomes; in fact, a 2020

Harvard study found that men in the top 10% in household income could expect to live to 88 years old, while those in the bottom 10% could expect to live to just 76.

Moreover, people who work in physically demanding jobs are less able to work until they are 70. Clearly, increasing the full retirement age unfairly reduces lifetime Social Security benefits for those who may need to rely on them the most.

Lastly, there is an unfair racial component inherent in the proposal of raising the retirement age. This is because on average White Americans live longer (an average of 76.4 years in 2021) than Black Americans (70.8 years), largely because of sizable health disparities and historical economic and social racial biases.

Privatizing Social Security

Privatization of the Social Security program would most likely lead to the ownership of large retirement accounts for the wealthy and more profits for Wall Street. Those advocating for privatization justify this idea by claiming that the Social Security program has sunk into a financial crisis that cannot be resolved without entirely dismantling the program and converting it into a system of market based, individual investments. For individual Social Security beneficiaries, private investment accounts would dramatically decrease their financial security in retirement. Unlike defined pension benefits which are guaranteed, investment accounts such as 401(k) accounts and others depend on the stock market and, as we have seen in recent years, can quickly lose value.

Privatization will not provide a financial boost to the Social Security system, but instead destroy the current system by failing to buttress the fundamental solvency of the program. Because private accounts would be financed by taking money out of Social Security, privatization plans would severely harm the financial stability of the Social Security Trust Fund.

Commissions to “Study” Social Security

Commissions to study Social Security have been thinly veiled attempts to create political justifications for fundamental changes and cuts to Social Security’s earned benefits.

One concrete legislative proposal for a committee to “study” Social Security’s finances which has surfaced in the last few Congresses is the TRUST Act. This proposal would form a committee with the ability to conduct meetings behind closed doors and fast track recommendations to the House and Senate floors. This anti-democratic scheme in all likelihood would lead to substantive benefit cuts.

The Alliance strongly rejects this approach and believes that any changes to Social Security must start from the premise that the benefits the American people have earned are a sacred promise between workers and the government that must be kept intact and expanded for future generations.

Moving Social Security Off-Budget

Another proposal from the Republican Study Committee suggests removing Social Security’s “off-budget” status, which protects it from cuts designed to balance the rest of the federal budget. Similar ideas have been raised by Senators Rick Scott and Ron Johnson.

Social Security is a sacred trust between the American people and its government. In exchange for contributions made to the system with every paycheck, Americans are promised guaranteed benefits that will not change as they age.

To treat Social Security like any other government program with unstable levels of funding from year to year would undermine the retirement security for millions.

Adopting a Chained CPI

The 2022 House Republican Blueprint for Americans also called for a so-called Chained CPI, which would be devastating for older Americans who rely on Social Security. It would significantly decrease Social Security benefits for both current and future beneficiaries and inadequately reflect the items older Americans must purchase every month. As previously stated, instead of using a formula such as Chained CPI that would adversely affect Social Security recipients benefits, a CPI-E formula for the elderly should be used.

Legislative Proposals to Enhance and Expand Social Security

In addition to Ranking Member Larson’s Social Security expansion bill, there are a number of additional legislative proposals that would not only enhance benefits but also extend the solvency of Social Security. These proposals, which the Alliance has endorsed, expand Social Security benefits for all beneficiaries, require that wealthy Americans pay their fair share, and assist caregivers. These include:

- **The Social Security Expansion Act** (S. 393, H.R. 1046), introduced by Sen. Bernie Sanders (I-VT) and Rep. Jan Schakowsky (D-IL), increases benefits and extends the solvency of Social Security by 75 years by lifting the cap and subjecting all income above \$250,000 to the Social Security payroll tax;

- **The Social Security Enhancement and Protection Act** (H.R. 671), introduced by Rep. Gwen Moore (D-WI), augments Social Security's ability to protect vulnerable Americans living in poverty;
- **The Social Security Fairness Act** (H.R. 82, S. 597), introduced by Rep. Garret Graves (R-LA) and Sen. Sherrod Brown (D-OH), repeals the WEP and GPO;
- **The Protect Social Security and Medicare Act** (H.R. 814), by Rep. Mark Pocan (D-WI), raises the vote threshold to pass any legislation that reduces Social Security or Medicare benefits;
- **The Medicare Social Security and Fair Share Act** (S. 1174) by Sen. Sheldon Whitehouse (D-RI), extends the solvency of Social Security and Medicare by 20 years while increasing fairness in the tax system by increasing the share that wealthy taxpayers contribute; and
- **The Social Security Caregivers Act** (S. 1211), introduced by Sen. Chris Murphy (D-CT) and Rep. Brad Schneider (D-IL), allows caregivers to receive a Social Security credit, while providing retirement compensation in the form of credits to individuals who left the workforce to care for loved ones.

The time to strengthen and expand Social Security is now.

I want to once again thank this committee for inviting the Alliance for Retired Americans to participate in today's important hearing and I am available to answer any questions you may have.