



November 16, 2011

The Honorable Sherrod Brown
713 Hart Senate Office Building
United States Senate
Washington, D.C. 20510

Dear Senator Brown:

On behalf of the 3.5 million members and supporters of the National Committee to Preserve Social Security and Medicare, I write to endorse the “Consumer Price Index for Elderly Consumers Act” that you and Senator Barbara Mikulski are introducing today. We applaud your efforts to require the development and utilization of a consumer price index (CPI) that more accurately reflects the inflation rate of consumer spending among seniors than the current CPI, which has been in use since 1975.

We support the requirement in your bill for the Bureau of Labor Statistics to prepare and publish an index for each calendar month to be known as the “Consumer Price Index for Elderly Consumers (CPI-E),” that measures the changes over time in expenditures which are typical for individuals in the U.S. who are 62 and older. This index would then be used when computing cost-of-living adjustments (COLAs) for Social Security beneficiaries.

We are grateful to you for advancing this legislation, especially given the interest of some in an alternate “chained” inflation index that would reduce future COLAs. As you know, the CPI used currently to calculate the COLA already undercounts the higher inflation experienced by seniors, whose incomes are disproportionately spent on health care costs. Switching to the so-called “chained” CPI would be a benefit cut, pure and simple, and will make it increasingly difficult for current and future generations of retirees to make ends meet.

You recognize, as we do, that if the true reason for changing the Social Security COLA is to measure inflation more accurately, and not simply to reduce spending, the CPI-E represents a more accurate alternative. A COLA based on this index, as proposed in your bill, would ensure that seniors’ buying power does not erode over time.

We look forward to working you to secure the passage of the “Consumer Price Index for the Elderly Consumers Act,” and thank you for the leadership that you and Senator Mikulski have demonstrated by introducing this important legislation.

Cordially,

Max Richtman
President and CEO