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November 15, 2011

The Honorable Sherrod Brown
United States Senate
Washington, D.C. 20515

The Honorable Barbara Mikulski
United States Senate
Washington, D.C. 20515

Dear Senators Brown and Mikulski:

On behalf of the 1.6 million members of the American Federation of State, County and Municipal Employees (AFSCME), I am writing to express strong support for your bill to establish a Consumer Price Index for Elderly Consumers (CPI-E) to calculate the annual cost of living (COLA) for Social Security benefits.

Unlike the current measure and an alternative one being considered by the Joint Select Committee on Deficit Reduction, the CPI-E will more accurately reflect changes in the cost of living for the elderly. By focusing on spending patterns of the general population, the current CPI-W understates the actual costs of the elderly, particularly their higher medical spending. As a result, 55 million beneficiaries saw no COLA during the last two years even though health care costs continued to rise.

Despite the shortcomings of the current CPI, some members of the Joint Select Committee on Deficit Reduction are considering a new formula, the "chained CPI", which would further erode the adequacy of Social Security COLA. It would effectively reduce the annual adjustments, cutting Social Security benefits significantly over time. According to an analysis by the Social Security Administration (SSA), the benefit cut would hit current beneficiaries and those who are very near retirement immediately.

In contrast, your bill would maintain the value of Social Security benefits throughout retirement, an essential feature of the program. Strengthening these crucial retirement benefits is particularly important now, as non-Social Security retirement plans are under attack and have been weakened.

AFSCME strongly supports your bill and your commitment to ensuring a measure of dignity for the millions of American workers who have worked hard and contributed to Social Security all their lives.

Sincerely,

Charles M. Loveless
Director of Legislation

CML:nmm

American Federation of State, County and Municipal Employees, AFL-CIO

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