

**Senator Brown Opening Remarks for Finance Subcommittee Hearing “Strengthening
Social Security to Meet the Needs of Tomorrow’s Retirees”
Wednesday, May 21, 2014**

When Social Security began, it was an untested idea that was met with a great deal of misunderstanding and resistance.

Today, it is woven into the fabric of our country. A few years ago, the idea that we would expand Social Security seemed unlikely. All of the conventional Washington wisdom was that we would have to cut the program.

Today, not only are cuts to Social Security **deeply unpopular**, but we are now debating how much we need to **expand the program**.

Today’s hearing is to consider whether Social Security is adequate to meet the challenges facing today’s workers and to discuss what policies we should consider to expand the program.

Over the last few years, we have fallen into a bad habit of allowing the debate around Social Security to be conducted in the context of the budget.

This is not the correct approach.

First, discussing Social Security in the context of the federal budget is incorrect from an accounting perspective as Social Security has its own dedicated source of funding.

Second and more importantly, we should not be raising Social Security in the context of the federal budget – *instead, Social*

Security is about family budgets.

Social Security is social insurance.

Let me repeat that – **Social Security is social insurance.**

It's a plan that offers working families a modest bundle of insurance products: retirement, life, and disability insurance at reasonable rates.

For the **bottom two quintiles of Americans over 65**, Social Security benefits represent 84 percent of retirement income. For the **middle quintile** – households with an \$18,000 maximum benefit – Social Security benefits represent approximately 65 percent of retirement income. Even in the fourth quintile, Social Security represents 44 percent of seniors retirement income.

Social Security is one of the three legs of what we call the **retirement stool**. The other two legs of the stool – personal savings and pension plans – have disappeared for the average worker.

Wages have stagnated, leaving folks struggling to make ends meet, let alone put aside for retirement.

Defined benefit plans have declined, and only half of workers have access to an employer sponsored retirement plan.

Social Security is more important than ever.

It lifts 22 million people out of poverty, including 15 million seniors, nine million women, and one million children.

In Ohio, there are **two million Social Security beneficiaries**, and the program keeps more than 650,000 seniors out of poverty.

That is how critical these social insurance programs are for American workers.

This isn't just a moral issue. It's an economic issue.

Last year, Social Security benefits fueled \$1.4 trillion in economic output, supported more than nine million jobs, and generated \$222 billion in payroll tax revenue.

Let's keep in mind that Social Security's benefits are modest. **Most checks are a little more than \$300 a week.**

At the same time, the program is highly efficient, with less than one percent of revenue being used for administration. Bipartisan legislation in 1983 and 1993 placed the program's finances on a predictable path.

This tradition of common sense, bipartisan action should continue as we **reallocate the disability trust fund** – a simple process that Congress has done in bipartisan manner 11 times since 1957.

Reallocation is not controversial. Twenty years ago, the Social Security trustees predicted that we would need to reallocate the trust fund in 2016 – and we will.

Simple reallocation can be done **without increasing taxes** or **decreasing benefits**, and it will result in the program being solvent for the next two decades.

We all know the financing options that will make Social Security solvent for decades to come and fund the kinds of expansions we all know are necessary to confront the retirement crisis.

We have only to find the courage to act.

Social Security is under duress today despite its inherent strength.

Current law has baked a series of cuts into Social Security that will slowly **erode retirement benefits by 25 percent** over the next few decades. But raising the retirement age, increasing taxes, and delaying cost-of-living adjustment or COLAs are blunt instruments that harm low-income workers.

Americans who work construction or who work all day on their feet in diners or in steel mills cannot work until they are 70 and they cannot retire with dignity without the savings to do so.

Americans who have worked hard all their lives are seeing their prescription bills increase. They cannot afford a tax increase or an unrealistic cost-of-living adjustment.

That's why we must consider proposals to **expand Social**

Security to meet the increased needs of the next generation of retirees.

These proposals include a bill **Chairman Harkin** and I have introduced to **change the benefit formula**, particularly for low-income workers and **update the COLA** to reflect the true cost of living for seniors.

We will also discuss proposals to **increase survivors' benefits**. We know that for so many low-income families, Social Security is the only life insurance available.

We will also discuss proposals to **increase the benefits for our most vulnerable populations**. We can do this by **updating the SSI program**, which has not been updated or indexed since its inception in 1972.

We will examine proposals to **provide caregiver credits** to workers who support children or parents.

When children must leave the workforce to care for their aging parents, that represents real work. Those caregivers also deserve a modest, but dignified retirement.

Finally, we will talk about ways to use Social Security's proven track record to help working families by expanding the program to provide **paid family leave** and **help the children of deceased beneficiaries attend college**.

I will stop there and yield to my fellow Eagle Scout, **Ranking Member Toomey**.

He has been a gracious partner in putting together these hearings, and I look forward to working with him on these issues.

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