

Retiree Advocate

A State Affiliate of the National Alliance for Retired Americans

December 2011 Edition – Happy Holidays!

A “Super Failure on Deficit Reduction

Adam Swope, ARA Staff

Earlier this year, President Obama and Congressional leaders from both parties reached a deal on raising the national Debt Ceiling. Normally routine, this year members of the Tea Party caucus held up the Debt Ceiling vote in order to force spending cuts. Without raising the debt ceiling, the US government would have had to either cease all operations, (including the military, Social Security, Veterans programs, FDA inspections, FBI investigations, etc) or default on existing debt causing a global financial crisis. Therefore, a deal was reached to cut some spending across the board immediately, raise the ceiling and create the “Super Committee” to deal with further spending cuts. This Super Committee was tasked with presenting a deficit reduction plan totaling \$1.2 Trillion over the next 10 years to Congress for an up-or-down vote by November 23rd. No such deal was reached.

The 12 members of the Super Committee – 3 Republican and 3 Democratic Congressmen, 3 Republican and 3 Democratic Senators (including Pennsylvania’s PAT TOOMEY) – had wide latitude in putting together their plan. The overall proposal was required to reduce the deficit, so spending cuts or revenue increases would have both been acceptable. These 12 individuals met and debated for several months. One major sticking point was the issue of revenue. All but one of the Republican members had signed lobbyist Grover Norquist’s “No Tax” pledge, so they wanted all revenue increases off the table. However, most Democrats on the panel favored an approach that was balanced by revenue increases and spending cuts. Many favored ending tax breaks for the rich, as well as closing some loopholes in the tax code to raise revenue. On the other hand, some members from both parties were pushing for cuts to very popular programs, such as Social Security and Medicare. Other Super Committee members refused to consider those types of cuts.

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In the end, all the Super Committee’s wrangling was all for naught. They failed to reach a deal by the deadline. This triggers the final piece of the Debt Ceiling deal – *sequestration*. Under sequestration, automatic spending cuts totaling \$1.2 Trillion over the next 10 years begin in 2013. These cuts must be split evenly between domestic programs and defense spending. Several programs are exempt from the automatic cuts, including Social Security, Medicare Benefits (although providers might see a cut), Medicaid and other programs for the poor such as free school lunches. Of course, Congress can undo any provision of the sequestration if they choose, although President Obama has vowed to veto any attempt to cancel any of the spending cuts.

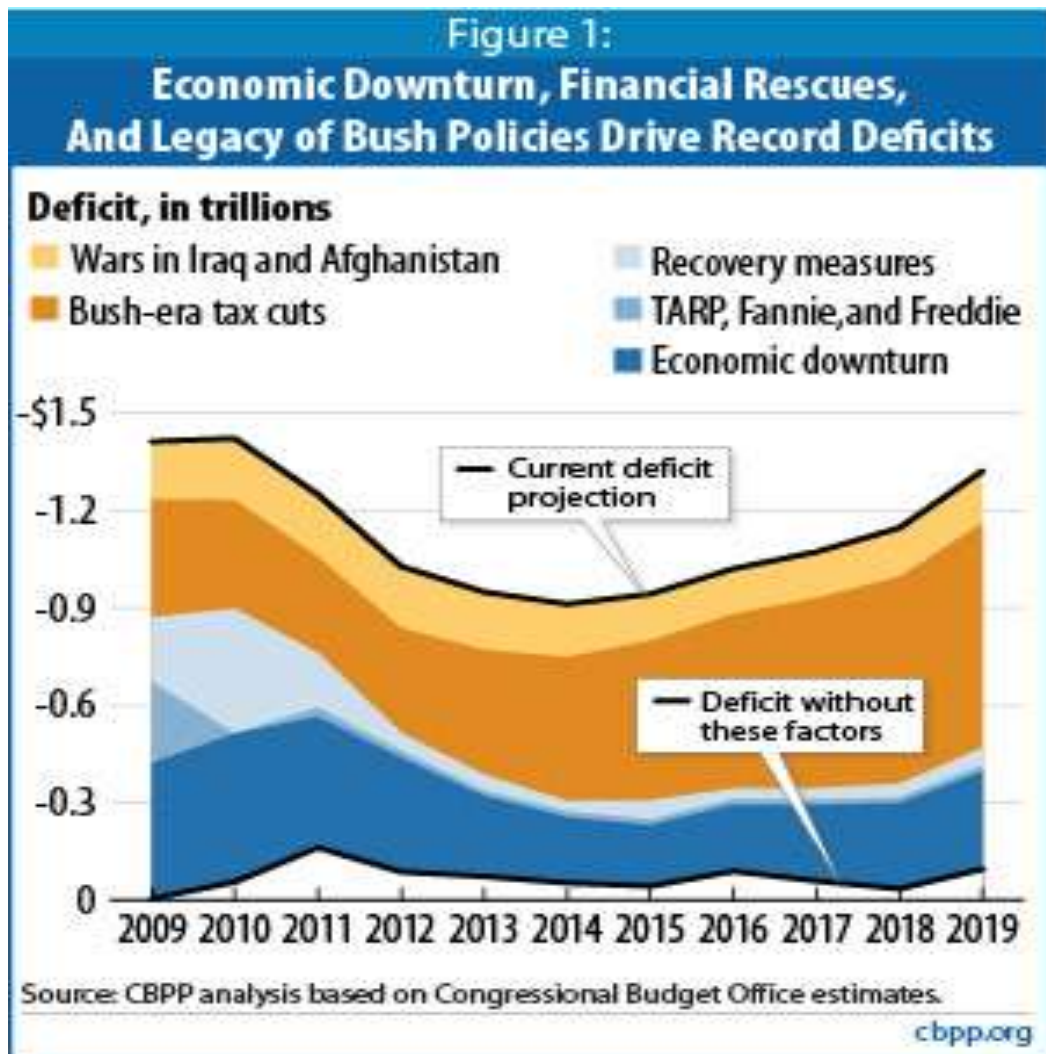
Many groups, including the Alliance for Retired Americans, applauded the Super Committee’s failure. The Super Committee’s members were considering a broad range of proposals that are very negative to programs that Seniors depend on for their quality of life. On Social Security, there was a proposal to reduce future Cost of Living Adjustments (COLA’s) by adopting the “Chained-CPI”, a less generous way of calculating Social Security’s automatic raises. For example, if the Chained-CPI were in use now, next year’s 3.6% raise would only be 2.8%. Privatization of Social Security and raising the eligibility age were also discussed. Members considered cuts to Medicare, such as raising its eligibility age or even Voucherizing the program as Congressman Paul Ryan suggested back in the spring. Because of the high probability that one or more of these negative proposals would have made it into the final deal, coupled with the fact that beneficiaries of these programs are exempt from the automatic cuts, the Alliance is pleased that seniors will not suffer as a result of the overall outcome.

Reducing the long-term Federal Deficit is important. From all indications, however, any deal the Super Committee could have reached would have sorely missed the point of its deficit reduction charge. For starters, SOCIAL SECURITY DOES NOT CONTRIBUTE TO THE FEDERAL DEFICIT. However, some

members of the Super Committee were determined to cut it anyway! Furthermore, some Republican members wanted to LOWER the tax rate for the highest income earners, which by itself would increase the deficit, making it that much harder for the overall proposal to get to \$1.2 Trillion in deficit reduction.

It’s important to keep this deficit discussion in perspective. As you can see from this chart, the three main causes of our high deficit are the Bush tax cuts from 2001 and 2003, spending on the wars in Iraq and Afghanistan, and the recession which triggered a loss of revenue when unemployment rose.

Based on this data, the best formula for reducing the deficit is getting out of Iraq and Afghanistan as quickly as possible, allowing some of the Bush tax cuts for wealthy Americans to expire, and getting our economy back on track by CREATING JOBS. Hopefully, now that this debt ceiling/Super Committee distraction is behind us, Congress can finally address the jobs issue. Call your Congressperson and Senators today and tell them to make jobs – not cuts - priority #1!



President's Corner – “What's Ahead?”

Jean Friday, PARA President

The failure of the Super Committee to reach an agreement to cut the deficit has resulted in more gridlock in Washington. Congress has many issues that must be addressed before they expire on December 31st while working on spending bills to cover government costs through next September.

The Social Security payroll tax was cut temporarily from 6.2% to 4.2% as part of a stimulus initiative last December and is due to expire. President Obama has proposed a 1.9% surtax on income over \$1 Million to extend the payroll tax cut into next year. Republicans are proposing an alternative payroll tax plan that would extend the tax cut while delaying implementation of a new pollution standard and facilitating construction of the Keystone XL pipeline from Canada to Texas, despite President Obama's veto threat. It was suggested that this plan could be financed by freezing pay for civilian federal workers for another year and reducing the government workforce.

Also about to expire is the “fix” to doctor reimbursement rates which could lead to Medicare payment rates for physicians cut by 27% on January 1, 2012. Congress was working on another fix to override any reduction in these payments. Proposed payment for the fix would raise Medicare premiums for upper-income seniors and eliminate some funding for the federal health care law.

If unemployment extensions end on December 31st, 2 million people in January alone will lose their benefits and an estimated 6 million more by the end of 2012. Congress has never cut off federally funded benefits. And there has never been a stretch of high unemployment and long-term joblessness like we are presently experiencing. The consequences of such a loss to these workers and the economy will be catastrophic.

Instead of acting to renew the vital lifeline of federal unemployment insurance, now set to expire, the House majority leadership is fast-tracking a bill that would slash the benefits program from 99 weeks to 59 weeks while imposing the harshest cuts in states with the highest unemployment rates. Could it get any worse? The one thing missing from these discussions is “shared sacrifice” (taxing the rich to reduce the deficit). As we go to press, Congress has agreed to extend the deadline on all three of these priorities until February, where we will have the same conflict again.

Proposed Rules Would Disenfranchise Seniors

Adam Swope, ARA Staff

Many of you may have heard from us already this year about the Voter ID Bill that was introduced in the PA Legislature this year. House Bill 934 would require all voters at every polling place to show an approved photo ID every time they vote. While for most of us this requirement would be little more than a minor nuisance, the Alliance for Retired Americans has taken a strong position opposing this bill because of the hardship that it would place on our most vulnerable seniors.

When considering whether to support or oppose this bill, we must think of our older seniors who have long since given up their driving privileges. The vast majority of these seniors did not get a State ID when they lost or gave up their license. These seniors, many of them homebound, would now face obstacles to exercising their most fundamental American right. They would first need to locate their Birth Certificate (and possibly marriage certificate for women who changed their names), gather other documents such as their Social Security Card and a proof of residency. In some cases, they would have to send away for these documents at their own expense. Next, they would have to find transportation to the DMV, which in rural counties could be dozens of miles away. Finally, they would need to sit for the photo, which could present a problem for some seniors with disabilities. After all that, they would get their ID card that allows them to continue doing what they've done for decades without incident. Of course, this all assumes that the seniors in question will know about the new requirement, and know how to obtain a new ID. Many will not find out, and will be turned away at the polls.

The worst part about House Bill 934 is that it disenfranchises seniors without any real benefit to anyone. Even some of its supporters have acknowledged that there is no evidence of voter impersonation in Pennsylvania. In Tom Corbett's 6 years as Attorney General, his office prosecuted NO ONE for this crime. But still, the state is poised to spend \$11 Million dollars during a tough budget cycle to implement this new regulation.

The Senate will be taking this proposal up in January. It has already passed the State House, and the Governor has signaled his support. Please contact your State Senator today and voice opposition to House Bill 934, or “Voter ID”. Also, please make sure that any non-driving seniors in your family or neighborhood have the documents necessary to get an ID if the bill passes. Visit www.dmv.state.pa.us to find out what your friend or loved one will need.

SAVE THE DATE

National Alliance Regional Conference in Philadelphia, May 16th thru 18th



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